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EDITORIALS

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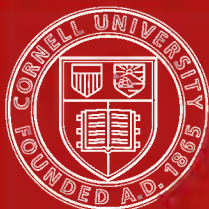
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## PUBLIC POLICY EDITORIALS





# PUBLIC POLICY EDITORIALS

## VOLUME III.

July 1st to December 31st, 1900.

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BY

ALLEN RIPLEY FOOTE,

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Whatsoever things are true,  
Whatsoever things are honest,  
Whatsoever things are just,  
Whatsoever things are pure,  
Whatsoever things are lovely,  
Whatsoever things are of good report ;  
If there be any virtue,  
If there be any praise,  
Think on these things.

The Epistle of Paul the Apostle to the Philippians,  
Chapter IV, verse 8.



## SALUTATION.

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It is not at all necessary to be dishonest in order to be entirely wrong. One may honestly advocate a most vicious fallacy if his intelligence is not capable of causing him to perceive its true character. The evils which men suffer result from honest ignorance and dishonest intelligence. Duty to self requires every person, not only to be honest, but to be diligent in searching for the truth, so that his honest opinion may be backed by a correctly-informed intelligence. Those who knowingly give currency to untruths are the most dangerous and destructive enemies of society. Right principles must control all thought and action before an individual or a nation can become fully civilized. When each person fully and correctly performs the duty of one, no social or civic duty will be unperformed.

ALLEN RIPLEY FOOTE.

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# PUBLIC POLICY EDITORIALS.

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## RIGHT TEACHING THE GREATEST BENEFAC- TION.

No benefaction can compare in its immediate and far-reaching results with instruction that equips those taught with the means best suited to their condition to enable them to help themselves. Such teaching is more than a charity—it is an endowment. The science of preparing the young for a self-sustained, independent life is being developed in many directions, but in none more pregnant with possibilities for good than that in which the waste energies of Harvard University are being systematically applied for the improvement of workingmen in and around Boston. There are many universities in this country, all of which are surrounded by a working population. What is being done by Harvard can be done by all of them. When done, the result for the common welfare will

be measured only by the sums of the welfare of all persons who have benefited by the instruction received. Such a result will be a true economic profit, a creation which many may share, secured without the impoverishment of anyone. We hope to receive reports of work being done at other educational centers designed to produce results similar to those sought by Harvard, although sought in a different way.

### OUR PURPOSE YOUR ADVANTAGE.

It is our purpose correctly to educate public opinion on questions of public policy that affect your interests in many ways.

1. Taxation for unnecessary purposes, and to provide funds to cover public waste and extravagance, can be rendered impossible by a correctly educated public opinion.

2. A just system of taxation can be established by a correctly educated public opinion.

3. Public mortgages on private property for the purpose of owning and operating public service industries can be prohibited by a correctly educated public opinion.

4. Deficiencies caused by public ownership and operation of public service industries can be prevented by a correctly educated public opinion.

5. Corporations for general business purposes can be properly organized and regulated without unnecessarily checking the industrial development of the country by a correctly educated public opinion.

6. Public service corporations can be effectively regulated by contracts for supplying the services rendered by them, at prices only sufficient to cover cost plus a reasonable profit on a bona fide investment, verified by a system of public accounting, which will be demanded by a correctly educated public opinion.

Correct education must precede correct legislation.

Unintelligent legislation on these subjects will cost you much more than the educational work necessary to secure intelligent legislation.

WE BELIEVE IN THE HONESTY AND COMMON SENSE OF THE AMERICAN PEOPLE.

“When the people are right on their facts they will vote right.” This favorite saying of Dr. Samuel Adams Robinson, one of the most effective workers for the cause of sound money before and during the campaign of 1896, is absolutely true. The people of this country are honest at heart and are blessed with a large endowment of sound common sense. If they are correctly informed they can be depended upon to vote right on any question of public policy. A review of the development and final disposition of any great question of public concern that has threatened the welfare or the stability of the republic will show that the danger existed in the uninformed or misinformed condition of the popular mind, and that as soon as correct information displaced ignorance or

misinformation the question was permanently settled, because settled right. With such settlement all danger from it disappeared.

The experiment of a government by the people was denounced by many predictions of failure because it would lack stability. "The empire guarantees order," is a favorite dictum of those who claim the right to rule the people by divine favor. They believe the submission of all questions of public policy to the approval or rejection of all the people, at stated intervals of short duration, must result in chaos. For one hundred and eleven years the American people have proved the stability of honesty and justice as the basis of the patriotism of the people to be superior to the stability of order arbitrarily enforced, resting for security upon loyalty to a sovereign. When the people are sovereign loyalty to self and loyalty to country are inseparable. Every man wishes his fellow men to deal with him honestly, intelligently, justly. This desire is the basis of his reason for believing that the welfare of every man is best served when the affairs of state are administered honestly, intelligently, justly. While there have been many instances when public affairs have not been so administered there is no instance in which the people have not corrected the error as soon as they were fully convinced of its existence. While there have been candidates for office who have advocated dishonest, unintelligent, unjust propositions, there has never been a candidate who

has sought election to office on the plea that the propositions he advocated were dishonest, unintelligent, unjust. The only way in which dishonest, unintelligent, unjust propositions have ever gained approval has been through the ability of those advocating them to mask their true character, making the worse appear the better cause. In doing this they have deceived the people, to their injury. As soon as teachers of truth have been able to expel ignorance and misinformation from the popular mind every dishonest, unintelligent, unjust proposition that has ever been submitted to their approval has been decisively rejected. So it will ever be. The true way to obtain legislation is to educate the people correctly. When correctly educated they will insist upon the enactment of any measure that is honest, intelligent and just. A measure that cannot clearly respond to these requirements has no right to exist. When an honest, intelligent people rule the stability of the government is assured.

### SUCCESS OF THE ANTI-CIGARETTE LEAGUE.

Smokers of cigarettes will not be employed hereafter in the packing houses of Swift & Co. Representatives of the Anti-Cigarette League have been working in the stockyards district for some time. The order of the big packing company prohibiting the smoking of cigarettes by its employes is their first great victory. In addition to the usual questions, an

applicant will be asked, "Do you smoke cigarettes?" If the answer is in the affirmative his name will not be placed on the eligible list.

This may be considered by some as an infringement upon the sphere of personal liberty. Granted, but it is a restraint on the abuse of personal liberty by those who are not sufficiently intelligent to be entrusted with a full degree of personal liberty. Liberty to do right there should always be. Liberty to do wrong there should never be. Those not sufficiently honest and intelligent to choose to do good must be restrained from doing evil. Upon this theory all laws for the restraint and punishment of evil doing rests. Success to the Anti-Cigarette League. May it win victories as important as this every week.

#### MECHANICAL SKILL OF CORNELIUS VANDERBILT, JR.

A new locomotive firebox has been invented by Cornelius Vanderbilt, Jr. A test has been made under the supervision of the inventor which was so successful it is probable the device will come into use the world over.

Two locomotives constructed on the Vanderbilt principle are in use on the New York Central road, two will soon be running on the Baltimore & Ohio road and two more are about ready for the Union Pacific road. This will give a sufficiently wide variation in conditions to test the device in every way con-



ceivable, and to demonstrate its superiority over the fireboxes in general use.

It is evident, to make this improvement, that Mr. Vanderbilt must have studied locomotive firing as a science. This fact suggests the inquiry, How many of the thousands of men employed as locomotive firemen have ever thought of studying the art of firing as a science? It requires brains to study the art of any vocation as a science. It is precisely because those engaged in a vocation do not use their brains in efforts to improve methods, but do their work from day to day as they have been taught, that there are so many human machines working for the pay of machines.

### WEALTH AND CHARACTER.

Any person who sacrifices good character for the sake of acquiring wealth preordains himself to eternal bankruptcy. There comes a day to every mortal when he is separated from his wealth, be it little or much, but he can never be separated from his character. Those who barter character for property exchange the greater for a lesser good. In the true meaning of things, they are incompetent business men, unable to administer their affairs wisely. That large numbers of men willingly sacrifice character for property is clearly shown by the number of those who follow vocations that are dependent upon satisfying the greed of vice for an income.

It is the duty of every person to make all the money he can out of his chosen vocation, but no person has the right to choose a vocation that requires a sacrifice of good character. In proportion as it becomes possible for men to make money by doing good, good will be done. Because every vice has a commercial basis, while the doing of good still requires a sacrifice, the progress of civilization is very slow and we still have the poor with us. These conditions attest the fact that the burdens laid upon society and industry by those who are bankrupt in character are far heavier than the burdens of those who are poor in purse. The most undesirable citizens in any community are those who are bankrupt in character, regardless of their wealth or lack of wealth. They are the destroyers of contentment and happiness.

The great body of the American people harbor no envy of wealth fairly won and honorably used. The danger that confronts society is not from this cause, it comes from a suspicion which exists with or without cause, that much wealth has been acquired by unfair means. So long as this suspicion abides there will be an ever-increasing pressure, demanding that the books shall be open so the people may know whether or not this suspicion is correct. Every effort to keep the books closed is construed as a confession that their contents would sustain the truth of the charge of unfair practices. Those who deny this allegation, or want things to remain as they are, do not wisely estimate the

force of a sense of injustice when it once becomes rooted in the minds of the people. All the forces of the universe that make for good are pledged to the overthrow of evil. If right and justice are to prevail, the people must agitate, and they will agitate until their cause is won.

When a people demand justice it is the part of wisdom to guide their action so that they will seek justice through doing justice. If this is done no one not clearly in the wrong will be disturbed by the changes they may require. If this be not done the innocent and the culpable will be made to suffer, as in the French revolution the first life taken was that of a respected merchant, against whom no charge of wrong-doing could be brought. The self-interest of every honest man and the welfare of society demand that all changes in laws and all methods of action shall tend to make the acquisition of wealth and the development of good character mutually helpful. Wealth acquired without the impairment of good character is always honestly won.

## UNDEVELOPED ECONOMIC POWER.

The best help that can be given to a people is in educating them so as to cause them to know how to develop and use the power that is their own. Such an education is especially applicable to the subjects of good roads, irrigation and developing economic transportation. The science of development in these directions should teach how to expend energy in a way to create more energy than is expended. So long as the work done produces a greater economic value than its cost, there is no limit on the work that may be safely undertaken, nor will there be any limit to the resources that may be drawn upon with which to carry on the work. Within themselves the people of this country have an undeveloped economic power, which, when properly developed and utilized, is sufficient to supply the means for carrying out any industrial proposition the mind of man is capable of formulating within the limits of reasonable probabilities.

The century mark induces numberless comparisons. Not one of them can be more striking or instructive than a comparison of the means and cost of transportation for persons and commodities one hundred years ago and now. Tremendous as this gain has been, there is room for its duplication by improving the roadways and paths that are feeders for the existing system of power transportation. We have developed the arteries of our industrial and commercial system, but have

neglected the veins. On this account those who labor at the sources of supply are partially starved. They do not receive the full measure of economic gain that might be theirs if the byways that lead to the highways of commerce were lines of less resistance. They are now absorbing too much energy.

### STATISTICS AND PUBLIC OPINION.

If public opinion is to be right, the information upon which it rests must be correct. If the publication of misinformation could be made to appear in its true light at every offense, the righteous wrath of an injured people would soon compel the suppression of a large share of the misinformation which is now imposed upon the minds of the people. No imposition is more merciless than this. It takes the money and the time of the people and supplies them with that which is an injury to them when received and will do them a greater injury if the opinion which guides their action is formed by it. Misinformation affects people's minds in the same way that a supposed food which, instead of supplying nourishment causes hunger, would affect their stomachs. They would be cheated when they bought such deceptive material for food and would be compelled to purge it from their system before they could be nourished by proper food. Those who are misinformed are compelled to clear their minds of misinformation before they can accept and understand correct information. On account of the preva-

lent distribution of misinformation very many people know a great deal that is not so and can form a correct opinion only by unlearning what they have learned and learning that which misinformation has prejudiced them against learning. This makes their effort to become truly intelligent difficult. Without a correct knowledge of facts there can be no correct public opinion.

### SOURCES OF SUPPORT FOR EDUCATIONAL WORK.

An editorial from the New York Journal of Commerce, under the title of "Prejudice Against Wealth," criticises those who criticise the acceptance of support for educational work from sources which the censors disapprove. Those who refuse support for any educational work they believe should be carried on, because they cannot approve the methods by which those offering support obtained their money, view the proposition from one side only, a narrow sense of obligation to the giver of the support. Admit there is an obligation, what return is to be made for it? Certainly not a return that involves the teaching of that which the teacher believes to be wrong. We very much doubt the existence of a single case in which money has been given to any teacher, or to any educational institution, with the direct or implied understanding that the teaching for which the money was paid was to be of a character which the teacher believed to be untrue.

Men pay money for educational work because they believe correct education to be necessary to the welfare of individuals and of the state. Men differ as to what is correct education. There are sects in religion, schools in the practice of medicine, parties in politics. Those engaged in educational work, no matter where or how, must be supported, and are entitled to support for the work they do. In no field of endeavor is so much value given for the value received as is given by those who teach.

We do not know of any who teach error, knowing it to be error. We do not know of any who are controlled in what they teach by those who support their teaching. Men who believe in the gold standard would commit a crime against the public welfare if they should support teachers advocating free silver. It is just as wrong for men to support the teaching of that which they do not believe to be true as it is for teachers to teach what they believe to be false.

The true test to be applied to a teacher is not the source of his support, but the correctness of his teaching. If he cannot be convicted of error on the evidence of his own utterances, he must stand approved. If, when shown an error in his teachings, he refuses or neglects to correct the error, he must stand condemned. But who is to sit in judgment over his motives in selecting the things he elects to say and the things he elects to leave unsaid? We can judge motives only by conduct. We cannot invade the mind of

any man to detect his motives at their birth. What one does is an open book that all the world may read. What one thinks is sacred to himself and God. "By their works you shall know them" is the divine test for good or evil. Those who question the sources of support for any educational work are investigating the wrong subject. The public, those who are taught, are not concerned in the question of the source of the teacher's support, but they are vitally interested in knowing whether or not his teachings are true. The man who believes a teacher is teaching error and fails to point out the error is as great an enemy of mankind as the teacher. Any man who seeks to teach the truth will prize the kindness of the friend who shows him wherein he is wrong far more than the applause of those who declare he is right. God has not endowed man with infallibility, but he has made him responsible for his conduct. No man can knowingly teach error and be true to himself. Whoever consents to teach error for the support he may gain by doing so exchanges in uneven barter eternal character for perishable property. It is not necessary that any man shall live, but it is absolutely necessary that every man shall live true to himself if he is to partake of the life eternal. Only the good have right to liberty. Only those who speak the truth are free. Men may say, "Lo, here, or, lo, there, is the Christ," but wherever he may be, whoever he may be, whenever a man utters a truth Gods speaks.



## GOOD WORK BY THE CLEVELAND CHAMBER OF COMMERCE.

It is a good omen when organizations of business men take time to consider the general welfare of the cities in which they are located. If it is true—and which of them will contend that it is not true?—that they represent the intelligence and the property of the city, then they have the moral and financial ability to organize and carry out plans that will make for the good of the whole community. In this direction is the work of the Cleveland Chamber of Commerce in investigating and bringing to the attention of the public the works of the various charity organizations in the city. While human nature is in its present stage of civilization, every one engaged in a work that is supported on the one hand by the generosity of the people, and on the other deals with the unfortunate and the friendless, there will be need for a critical supervision of their work. Unwise giving in the name of charity is exceedingly harmful. Help, to be genuinely helpful, must always supplement, never take the place of, what each recipient may be able to do for himself. The object of all charity work should be, in each individual case, to render charity unnecessary as quickly as possible. When charity is unnecessary its exercise is a vice of which no one should be guilty, either as giver or recipient. The work of the Cleveland Chamber of Commerce is well designed to overcome this evil.

## CIVILIZED TREATMENT OF DELINQUENTS AND CRIMINALS.

We believe in individualism and disbelieve in socialism as the economic system that will most surely develop good character and promote the welfare of the people. Individualism means freedom for each person, but when the individual is considered as a member of society it is clearly seen that only the good are entitled to liberty. Those who do evil are not entitled to liberty, because they cannot be trusted with it. They commit crimes against society. Society is compelled to punish wrong-doers and to deprive them of their liberty as a means of self-protection. Having assumed control over delinquents and criminals, society, as Mr. Whitman points out in an article, under the title of "The State as a Parent," is confronted with the problem of reforming them. The real thing to be done is to make them trustworthy, so they can be entrusted with freedom. When this is accomplished they cease to burden society with their care or their misdeeds. Those engaged in this work should receive all the encouragement and assistance they may need. No work can be more purely philanthropic than this. To be a friend to the friendless, to give sympathy and a helping hand at the right time and in the right way, is to be the representative of God on earth. "Inasmuch as you did it to one of the least of these, you did it unto me."

- - -

## MIND SANITATION INDUSTRIALLY CONSIDERED.

Intelligent people know the value of a scientifically developed system of physical sanitation. They also know that unsanitary conditions and habits are a menace to the health of the whole community. They find in this knowledge justification for the enforcement of sanitary measures. With the ignorant the reverse of this is true. When the Americans took possession of Havana and Manila they found the sanitary condition of those cities in great need of reformation. As soon as they undertook to institute reforms, however, they found the work made difficult by the ignorance and prejudice of the people. In such cases compulsory measures do a great deal of good, but permanent improvement depends upon education.

Not an intelligent business man in any American city requires arguments to prove to him the great value and necessity of physical sanitation. He also understands the necessity for moral sanitation and liberally supports those who are working in this behalf. Practical business men, however, have entirely overlooked the great value and necessity for mind sanitation, with the view of destroying the germs of economic fallacies, which disturb the industrial conditions of the country. A source of weakness in our system of government is found in the fact that business men are so busy they cannot take time

to inform themselves on the questions of economic public policy vitally affecting their business interests. There are many organized industries in which the employed voters can outvote the employing voters five or ten to one. We think the cases are rare in which the employing voters consider it as necessary for them to study questions of public policy affecting their business as it is for them to study technical questions affecting the mechanical and commercial development of their business. We are sure the cases are rare in which employing voters take any thought whatever as to what the employed voters read, yet they want these voters to vote right when important questions of public policy affecting their business interests are up for settlement.

Economic fallacies are epidemic and as fatal to industrial stability as many diseases are to physical health. The losses caused by ignorance, not knowing how to care for health, are enormous, but they cannot exceed the losses caused by ignorance, not knowing how to care for industrial prosperity.

If voting employers cannot take time to study economic questions as thoroughly as they ought, they cannot do a better thing than to provide voting employes with the means of studying such questions under the instruction of able and sound teachers. Mind sanitation, industrially considered, is one of the most urgent demands of the times.

## THE LOSSES OF IGNORANCE.

The losses of ignorance are negative, intangible. They can only be recognized by showing the absence of what might have been. The gains of intelligence are positive, tangible. They are creations and can be seen by their physical presence in things that have been done. For this reason the man who makes losses on account of his ignorance is never disturbed by that fact. He does not know how much he has lost and why. If he were intelligent enough to know this he would be sufficiently intelligent not to have made such a loss. Those who lose through ignorance invariably envy those who gain by intelligence. This causes them to feel that they are not securing their share of a joint product. Prejudiced by this feeling, they easily become the plastic followers of those who use them for their own purposes in the game of prestige, power and emoluments between labor leaders and labor employers.

Ignorance is an unnecessary handicap. We should not be understood as intimating that all men can become equally intelligent on any one subject. We know no man can become fully intelligent on all subjects. It is a fair proposition, however, that every person, by applying himself diligently in a well directed search for knowledge directly pertaining to his vocation, can become far more intelligent than he is regarding all conditions that affect his success in that vocation. More than this, the gains that can be made by avoiding

the losses that are caused by ignorance are more than sufficient to enable those in any vocation to employ the best ability the world has produced to represent their interests, and to instruct them. A person who does not know can do no better than to seek as a guide one who does know. This is done so naturally in nearly all affairs of life it is an unexplained wonder why it is not done in all affairs. What workman, not a watchmaker, would undertake to repair his own watch? Who, being sick, will risk his life by being his own physician? Professional men of great ability and experience will not do that. A thousand illustrations of this kind could easily be given, in every one of which the common sense of any workman will tell him that when a thing is to be done it must be done by someone who knows how, as a disaster will surely follow the attempt of an ignorant person to do a thing for which he is not fitted.

A very impressive loss caused by ignorance is given in an article from the Times-Herald, showing the "Cost of the Building Troubles" in Chicago. Fourteen million dollars is a large sum to pay for a mistake. That sum would have endowed educational work of a character that would have made every ambitious workman and employer in the building trades possessed of the best intelligence of the world on all subjects pertaining to their vocation. More than this; it would pay the ablest experts of the world to devote their lives to the study of conditions for the purpose of advancing the bound-

ary line which divides the known from the unknown. It would disseminate all the information there is and enlarge the sphere of practical accomplishment. It would command for the service of the workmen in arranging terms with their employers the most sagacious, astute and capable men in the world. Fourteen million dollars, used in this way, would be sufficient for all of these purposes, not for one year only, but for all time. It would create an energy capable of, and so direct it that it would make Chicago the leader of the world in the building art. The absence of that which might have been created by this unearned \$14,000,000 cannot be measured by the money loss any more than the loss of a crop can be measured by the value of the seed necessary to its production.

It may be stated as a sound business proposition that no man will refuse to employ labor when the conditions of employment are such as to render it certain that he will make a reasonable profit by so doing. The greater certainty there is of a profit the narrower will be the margin demanded. We do not believe there is a workman having sufficient intelligence to be employed in any capacity in a building trade, who has not sense enough to know that if his demands are such as to render it impossible to make a profit by employing him on his terms, he cannot be employed. The entire trouble in such cases comes from the fact that the men do not believe what their employers tell them. This disbelief may be justified by the fact that employers do

not always tell the whole truth to their employes when the subject of wages is under discussion. Each side is intent on winning an advantage for itself, disregarding its effect on the other side, and in seeming ignorance of the fact that an unjust advantage cannot result in a permanent gain. Under such conditions the disputants should refer their cause to those capable of giving an impartial decision. There are those among the workmen as capable of computing the value of every factor in the problem as any man on the side of the employers, the peers in ability of any of them, men whose very presence would command the respect of every employer, because they would know them to be masters of the problems. Nothing but dense ignorance and unreasoning prejudice can prevent workingmen from placing their unquestioning confidence in men of this stamp. When they fail to employ such men to manage their case they are as guilty of showing a lack of common sense as they would be by risking their life by having a man of their own trade treat them for a fatal disease. They do so risk their means of earning a living and then wonder why they are unsuccessful, unthrifty, poor.

At this Christmas festival it will be well for every workingman to count the days of the year for which he has earned no wages, and do his best correctly to locate the cause of his failure to work on those days. Approximately to measure his loss, let him pay a visit



to the stores and see how many things he could buy with the lost wages of those days, if the money was in his hand, that would be a joy and comfort to him and those for whom he has a care, during all the days of the new year. Let him see what means for improving his mind, developing his talent, increasing his earning power, he could obtain by using only a portion of such money. If he once really learns such a lesson he will not repeat the mistake. Ignorance is only the absence of intelligence. One is a negative, the other a positive force. They cannot occupy the same space. One is a destructive, the other a constructive power. Which ought workingmen to cultivate?

### THE IGNORANT RICH.

If any person draws the conclusion, from the editorial in our issue of December 22, on "The Losses of Ignorance," that we suppose all workingmen to be ignorant, he is entirely mistaken. We have often said we would not expect as intelligent and close-fitting criticism on economic questions from an association of bankers as from an association of wage-earners. We know of no one who has devoted himself to work for the public good who has not found more cause for discouragement in the apathy of men of wealth than in the ignorance, prejudice or malice of the poor. This experience is clearly shown in the article in this issue under the title of "Best Reform Agency." A call is

there made for the education of the ignorant rich. To appreciate what a difficult matter this is, one must be able to understand how impossible it is for a successful business man, who has acquired a fortune by legal methods, to realize that the laws are not all right. It is with extreme difficulty that such a man can be brought to approve of any proposition which will render the laws more just, and secure for poorer men a better chance to prosper. He respects himself as being honest, he has complied with the laws and made money. These facts satisfy him that no reason why he is rich and others are poor can be found in the law. In his opinion, the difference in conditions is caused entirely by difference in ability. As he has the money and the poor man has not, that is evidence, conclusive to his mind, that the man without money is not capable of an opinion which he should respect. Will anyone tell how such an idea can be got out of his head?

#### CHARACTER-FIBER.

We submit it as a sound business proposition that there is not the possibility of a chance for losing money on the part of any employer who will incur the expense of having every person in his employ read the article in Success, under the title of "You are Certainly Cheating Yourself When You Do Poor Work."

This article has called to mind an incident in our own experience. A young man was employed in an

office at fifteen dollars per week. At times when the work was a little heavy it was noticed that he did not exert himself to clear up the day's accumulation. On being spoken to about it, he replied: "I am only paid fifteen dollars a week. I think I do fifteen dollars' worth of work every week. I do not intend to do any more unless I get more pay." At that time there was only one other assistant in the office and the manager of the business. Five years later fifteen bookkeepers were at work in the office. The chief was getting eighteen hundred dollars a year, but this young man was still working for fifteen dollars per week, because he had never given any evidence of being worth any more. He destroyed his capacity to do work by failing to exercise it.

If the work a man does is an honor to him he cannot be deprived of honor. It is every person's duty to make of himself the best of which he is capable. In doing this, much as he may prize the reward that comes from others, it is certain, as years of wisdom shall follow years of endeavor, that his highest reward will come from his own conscience. Men prize the esteem of their fellow men, but reputation is what others think we are, while character is what God knows us to be.

## CONTENTMENT RESULTS FROM UNDERTAKING THE ATTAINABLE.

In theory, every normally developed native-born American boy has an opportunity to become president of the United States. Practically, but five or six boys out of the millions living in any generation have any chance whatever of becoming president of the United States. Under these conditions any boy who devotes the energies of his life to attaining the presidency will surely miss winning the prize. Judged by his own standard of what would be a successful life, his life will be preordained to failure. As surely as discontent is the result of disappointment, so surely is contentment, the result of success. It follows as a logical sequence that to secure contentment, one must limit his efforts to acquiring the attainable. This does not mean that anyone can ever reach the state of complete contentment. Such a state will admit of no wish for "more." It exists only in death. Desire for "more" is the law of life. When a child develops into the state of full responsibility and begins to mark out its life course, wise guidance by others or by his own judgment will set before him an ideal to be attained. In establishing this ideal the wisdom of the proverb, "A horse must believe he can draw the load or he will not pull," must govern. The thing to be undertaken must be within reach of the ability of the one who is to accomplish it. We do not

say within easy reach, but within the reach of the best endeavors of which he is capable. Endeavor to reach such an ideal will stimulate growth. Contentment will result, not from the fact of attaining the ideal, but from the fact of satisfactory progress toward it. With growth will come the power to view a larger sphere of action. Before the ideal originally established is attained a clearer vision will look beyond it and establish another objective point far superior to the first. The strength acquired in attaining the first ideal becomes the motive force that inspires the desire and effort to attain the second. Acquiring the strength of difficulties overcome, the movement of life is ever from a lower to a higher state. The acquisitions of to-day create the opportunity of to-morrow. The tide of time flows ceaselessly on forever. Use to-day to the best possible advantage and the past will be thickly sown with seeds of contentment, the future will hold no opportunity that will not be fully utilized. This is the law of progress.

### WORK AND CHARACTER.

The conception of life which permits the necessity to labor to be regarded as a curse is responsible for more vice and degradation than any other single cause. Work performed as a penalty is a disgrace, but a greater disgrace is involved in living upon the products of others' labor, by those able to work, without giving to the laborer that which is to him a

satisfactory return for the service he has rendered. Honor is due only to those who honestly earn or consistently give an equivalent for all they use or enjoy. The person who works for his living stands nearest to the source of honor. For him, his work is the true gospel of life. It matters not what his vocation may be, when, where or how long employed, there is not one element of efficiency that will tend to develop good character that will not in an equal degree tend to make him a better workman. Ability as a workman, backed by good character, is the most efficient equipment any person can acquire with which to make a success of his life. If religion is right-doing, then work, rightly and efficiently done, is applied religion. The reward for such work is inseparable from the work. Character is the body of the soul now.

### CAN THE RESOURCES OF NATURE BE EXHAUSTED?

Over ten years ago we made the statement that the economic value of electrical power was ten thousand times that of steam power and one million times that of water power. We know, of course, as generated to-day, that electrical power is dependent upon water, steam or wind as a prime mover. The factors that give such enormous value to electrical power are its divisibility and the facility with which it can be transmitted. These qualities will bring water

power which was fast falling into disuse, to the relief of coal mines as a primal source of power. This will check the consumption of coal without pressing to exhaustion any other resource of nature. The use of water for generating power has no effect upon nature's water supply. This tendency to relieve the exhaustion of one resource by the substitution of another, with which the same object can be better accomplished, has a very marked illustration in the substitution of iron and steel in shipbuilding and other structural work. The growth of timber is a short-time process in comparison with any known process for producing iron ore. Should timber again be required it may be found to have grown while the demand for it was relieved by the use of some other material. The use of nature's resources to supply the wants of human life can never exceed the demand. The supplying of the demand is governed by economic conditions. The skill, the energy and the genius of all persons engaged in guiding the course of industry are devoted to the task of developing greatest economic efficiency. This demand for economic efficiency changes the wants of mankind and thus changes the character of the natural resources drawn upon to supply man's wants. It changed the demand from wind power to steam, or, rather, coal power for propelling ships; from wood to iron for structural purposes; from water to coal power for manufacturing purposes. Such changes will undoubtedly occur in many

other wants, either eliminating the want from the demands that must be supplied by substituting some new want, or changing the natural resource from which the want can be supplied most economically.

The world is old, very old, and many millions, unknown myriads, of human beings have lived upon its surface, have supplied their wants by drawing upon the resources of nature, but have never suffered from the exhaustion of any natural resource by reason of such use. The exhaustion of a single resource may force a change in the material by which a want is supplied, but this does not prevent the satisfaction of the want. The exhaustion of the supply of black walnut timber did not stop the manufacture of furniture. As it has been in the past we may safely conclude it will be for so much of the future as lies within the possible range of our calculations. For the uses of mankind the resources of nature are inexhaustible.

#### INSPIRING BUT NOT COMPLETELY ACCURATE.

Success won by merit cannot be won without persistent purpose, but the article in Success, under the title of "Persistent Purpose," is written on too narrow lines. One may size up to the full measure of all that article requires and still fall short of success. Neglecting the factor of opportunity entirely, we wish to direct attention to the fact that conditions far beyond the control of any man may make or break his fortune.



Every step of progress made in increasing or improving facilities for the transportation of commodities binds the affairs of men and nations together and increases the power of public opinion for evil or good. The panics of 1873 and 1893 were caused by unsound public policy. During the recent campaign the successful party predicted that a terrible panic would follow the election of their opponents. Such panics destroy for life the prospects of thousands who have no voice whatever in causing them, and have, in fact, done all in their power to prevent them. Vital as a persistent purpose unquestionably is to the winning of success, it cannot give protection from the destructive results of others' doings nor protect an individual business from the effects of a wrong public policy. Insurance against such catastrophes can be secured only through a correct education of all the people who are entrusted with the power of the ballot. There are many shrewd business men who flatter themselves upon the sagacity with which they protect their interests against losses from every cause, but they fail to include in their list of causes mistaken public policies advocated by those mentally or morally defective. A correct public opinion must come from those who are correctly taught. Money paid for this purpose is an insurance premium against losses caused by a wrong public policy.

## INSURANCE AGAINST INDUSTRIAL DEPRESSIONS.

Recent reductions in the selling price of bar and structural iron are producing the results predicted by Mr. George H. Hull in an editorial in the *Cleveland Plain Dealer*, under the title of "Pig Iron and Prosperity." It is unquestionably sound business to keep a manufacturing plant in full operation at a normal profit. Mr. Hull's theory is that producers of pig iron ought never to charge more than a normal profit for their product; that when the demand is not equal to productive capacity there should be no decrease, but the surplus should be stored until required by an increased demand. If producing capacity is not in excess of demand, taking the average for a decade, it is clear that the operation of the plants, at normal capacity, continuously for ten years, regardless of the fluctuations in demand, would not burden producers with an unsold surplus. It is also clear that a selling price fixed at a normal profit for an imperishable commodity that can be held without deterioration until sold, would make the business continuously profitable.

There are conditions affecting cost which producers of pig iron cannot control. While they may be able to establish and maintain a stable selling price, they cannot establish and maintain stability in costs of production. If costs fall the buying public will know it and will seek to benefit by it. If costs are raised,

from general causes, pig iron will not be the only commodity affected. The experience of all buyers of iron will teach them the fact that raising costs requires raising selling prices. So long as the relation between costs and selling price is maintained at a normal margin for profit there will be no resistance to its operation.

When the business of the country was beginning to recover from the panic of 1893 manufacturers commenced to question the methods they had pursued in dealing with the panic. As stated so clearly in the article under consideration, they found they had reduced demand by discharging workingmen. Recovery did not occur until they had begun to re-employ the men who had been discharged. The endless chain of employment, earnings, expenditures, demand and production, if turned backward, commencing with discharging men, will produce a panic at any time; if turned forward, commencing with employing more men, or increasing the wages of those already employed, will produce prosperity at any time. This fact shows the far-reaching and vital importance of a stability in economic public policies that will give confidence to all employers and cause them to keep turning the chain forward. It emphasizes the wisdom of a policy on the part of great employing corporations that pays out in dividends only a normal profit and holds all surplus as an insurance fund to provide for the payment of wages and dividends in years when

the normal rates may not be fully earned. This reference to the workings of natural economic laws shows how decidedly it is to the interests of every person, workingmen and employers, producers and distributors and consumers, to maintain the stability of the public policy of municipalities, states and the nation, founded on correct economic principles.

### IT PAYS TO EDUCATE EMPLOYEES.

We are acquainted with the manager of a large corporation who maintains that its employes are entitled to know why their wages must be fixed at the rates paid, with as good a right as an investor is entitled to know why the dividend on his investment is fixed at the rate paid. Wherever such a manager is found there will never be any difficulty between the corporation and its employes over the wage question, provided the employes are sufficiently intelligent to understand the meaning of the representations made to them. This they cannot be if they do not read the same class of economic and financial literature as the manager and stockholders of the corporation supply themselves with.

Fallacies are continually being taught to wage-earners that are as harmful to their minds as poisons are to their bodies. Here is a sample taken from "The Labor Advocate" of Jacksonville, Fla.:

"It is a sad but truthful commentary upon our civilization to say that the people who produce all of our

wealth, get the least of it; that people who do no work at all get by far the largest share.

"Land, labor and capital are the elements of production, and as a consequence landlords, laborers and capitalists are the only classes who, primarily, share in distribution; therefore, if the laboring class gets less than its fair share of the wealth produced, it must be because it is robbed by either the landlord class or the capitalist class, or by both of these classes."

It is impossible for any man to work contentedly and efficiently for an employer he believes to be robbing him. A tremendous gain will be made in industrial relations when the conditions and results of a business are known and understood by the employed, as they are known and understood by the employer. The people are honest but not always intelligent. It is impossible for men to have correct views about the conditions of a business if they are always treated on the principle that it is none of their business to know anything about its incomes and disbursements, its resources and liabilities, its gains or losses. Knowing the innate desire of every person to secure all he can for himself, and to this end to represent only those features of the business that will tend to promote his own advantage, workingmen are excusable for believing that the truth is not told to them when they demand a change for their own advantage. If some system could be devised of statements of affairs for the information of employes, issued to them

regularly and without solicitation, the same as statements are furnished to shareholders; if, in addition to this, committees of employes were invited to meet committees of shareholders at every annual meeting to discuss the condition and prospects of the business, employes so treated and educated would be proof against insinuations that they are not getting their fair share, or that their employers are robbing them. If human nature is as good as we believe it to be, employes, when so treated, will be loyal, efficient and generous. They will give good value for every advantage enjoyed by them, and will be willing to carry their fair share of any curtailment necessary to carry the industry through a period of depression. They will be the workmen and friends of the corporation.

### WORKINGMEN'S BRAINS.

Workingmen's brains are the most prolific, undeveloped raw material at the command of a manufacturer. This truth is illustrated by the experience of R. Dorndorf, the largest shoe manufacturer in Germany. He employs 450 persons and has his factory entirely equipped with American-made machinery. Notwithstanding this, his results were nothing like those obtained by American manufacturers. He finally hit upon the expediency of engaging an American workman and his wife to take positions in his factory to teach his employes how to work the machines

to better advantage. Before the Americans took charge the factory produced 142 pairs of shoes per day. After the lapse of only eleven days it turned out 462 pairs, or over three times as many as under the German manager, with the same machinery and the same number of persons employed. It is expected that this number will be increased to 500.

As the employes turn out more work they receive more wages, these having been increased 48 cents per week each, and when they produce over 500 pairs of shoes per day the wages will be again increased 48 cents per week. The German mechanics in the factory are pleased with this way of doing business. It pays the workman and his employer to educate the workman's brains.

In addition to giving the above information, Mr. C. W. Erdman, United States consul at Breslau, Germany, says expert American workmen are employed in a phonograph factory, in an iron works, and to install electric apparatus. He adds that American machinery of all descriptions is being introduced into this district, and that if American manufacturers would send traveling men speaking German to this industrial center, or establish agencies there, they could build up a good trade.

We wish to submit this question to workingmen: If the American who educated these German mechanics how to use their brains to better advantage should collect a royalty from them of 10 per cent of all in-

crease of wages due to the education given, would he have been guilty of doing them a wrong or would he be entitled to their gratitude as their benefactor?

## INTERNATIONAL POLITICS AND COMMERCE.

The industrial world is demanding peace. There can be no peace where injustice prevails. Commerce between nations, as between individuals, demands for its best development a mutual recognition of fundamental rights. These rights are simply the inviolability of life and property, and equal opportunity. With these secure it matters little under what form of government or with what nationality, business is transacted. A nation that demands the establishment of these rights, and only these, is destined to play a master hand in the politics and commerce of the world. As industries become more and more perfectly developed and wealth more and more perfectly distributed, the interests of the people will become more and more involved in all questions affecting commerce.

At the close of the nineteenth and the birth of the twentieth century no nation is in as good a position as the people's republic of America to win the balance of power in the world's diplomacy and commerce. Every interest of the people is best served where life and property are held inviolate, and equal opportunities, so far as opportunities are created by law, are the heritage of all. To establish these conditions, wherever



its influence or authority may extend, is the duty of our government. That the republic may always be true to its mission and equal to its opportunities, is our new century wish for the peace and good-will of the world, for the welfare of all its people.

### DIFFERENCES IN EFFICIENCY.

Much is being said about the wonderful industrial development of the United States and its progress in conquering the commerce of the world. No one questions the fact that the enormous gains realized during the last half of the century are due to the efficiency that has been developed in the mechanical means by which commodities are produced and transported. Nor can anyone intelligently deny that this mechanism has been devised, created, and is operated, under the direction of, and by, men who are in themselves as superior in efficiency to their competitors in other countries as their mechanical creations are of greater efficiency than the foreign make. So long as Americans can retain a safe margin of efficiency in the ability of human, and in the utilization of physical energy, in the mechanical factors involved in competition for supremacy in the world's commerce, the grand balance sheet will continue to show for the American republic net gains of the first magnitude. To maintain such a margin one lesson must be learned, and its instruction must be applied to industry and commerce.

Every man who, as owner or operator, has experience with machinery, knows that the difference in efficiency between any two or more machines of the same class is entirely due to intelligence utilized in the design, or to intelligence utilized in the operation of the machine, or to both. Men of experience require no demonstration to satisfy them that the entire margin in efficiency secured in the design can easily be entirely lost, and many times is more than lost by the lack of intelligence in the operator of a machine. Calculations may be accurately made to show the speed that must be developed and maintained by a railroad train that is to leave New York at a time designated and to arrive in Chicago at a time specified. To make the trip within the limits of time advertised the number of stops and the time to be allowed for each must also be calculated. This work may all be errorless. The tracks, equipments, every mechanical detail, may be perfect; yet, notwithstanding all this, an inexperienced fireman, on any one of the engines used, may cause the train to lose time and thus defeat the accomplishment of the purpose of every mechanical preparation for, and the efforts of every human agent employed in the operation of the train. Time flies with errorless and tireless precision. It never lags. It suffers from no lost motion due to avoidable friction. Those who work against time never have opportunity to benefit by a mistake in movements governed and guided by the Master's hand, whose will nature obeys.

The lesson that must be learned and applied is this: The same energy should be expended in developing the efficiency of the workmen as is expended in developing the mechanism he is employed to operate. Business men take great pride in their reputation for being practical managers; but these practical managers frequently commit the unpardonable folly of spending thousands of dollars for mechanical improvements, well designed to secure a safe margin of efficiency over appliances formerly used, and not one cent for the educational improvement of the workman upon whose loyalty and intelligence the realization of this margin of efficiency, as a result of practical operation, is absolutely dependent. The results of industry are the joint product of mechanical and human factors. True efficiency can only be gained and maintained by an equal development of both factors. If this is not done the mechanism will not be in true alignment, friction will result, energy will be wasted, the economic result will be less than it ought to be.

### WHO IS MY BROTHER?

This question is written in the philosophy of human life. It belongs to no individual, to no age. That it awaits an answer that will be a determining cause of action among men is clearly shown by an exhortation by Mr. Eckels and the crime record by the Times-Herald. In answering this question the golden rule is the only solvent, but that rule must be correctly in-

terpreted. An application of a wrong interpretation will produce an imperfect result.

The wish of every normal mind must be that it shall receive justice. More than justice no person has a right to ask or receive. Less than justice no person has a right to offer or accept. The requirements of justice demand that no person shall wish another to do that which that other person cannot do with perfect justice to himself. They also require that each person shall do for others all he can do with justice to himself.

The source of weakness in human conduct is in the fact that persons do not study problems, with the view of determining what they have done to give them the right to expect from others or of determining what they can give to others for what others have done, on the basis of justice to themselves. Workingmen seek increases in wages through their power to compel payment, rather than through their power to make their work worth more to their employers. Employers resist demands for increases in wages through their power to obtain the labor they require at the wages they are paying, rather than through causing their employes to know wages cannot be increased without injustice to capital. So long as these methods are used disputes between labor and capital will continue. Only when those on each side of the problem recognize in those on the opposite side brothers, not antagonists, can conditions be established that will enable the one

to satisfy the other that the thing being done, or proposed, is just. When this can be done men will learn that justice is established, not by demanding, but by doing justice. Herein lies the solution of all questions involving equitable divisions of the joint product of labor and capital.

### LAW AND PUBLIC SENTIMENT—ARBITRATION.

A law not approved by a clearly defined public opinion cannot be enforced by a government of the people by the people. This truth is aptly illustrated by the success of compulsory arbitration in New Zealand and its failure in Australia. The law was sustained by public opinion in one country and not in the other. When public sentiment is sufficiently strong to declare the justice of submitting all disputes or differences between employers and employes to arbitration it will be done voluntarily. There are many examples of this kind. According to the testimony of Mr. William Henry Sayward, secretary of the National Association of Builders, a perfect system of arbitration for the settlement of difficulties between employes and employers exists in Boston. Through a form of arbitration, adopted jointly nine years ago by this association and the labor organizations of Boston, controlling brick and stone construction work, harmony has resulted, and strikes have been prevented in other branches of the building industry by

the failure of the bricklayers, stone masons, iron workers and hoisting engineers to join in sympathetic movements.

The results of a strike can never be confined to those directly responsible for it. The incidence of its losses spread throughout the community and many times throughout the state and country. This gives society at large an interest in every controversy. Public sentiment should be clearly stated and so well expressed that no mistake can be made in understanding it. It should require the settlement of all disputes by arbitration. It can require this as easily without as with a compulsory law.

### CIVILITY COSTS NOTHING AND BUYS EVERYTHING.

This aphorism was used by H. G. Eastman in his lecture on "Advertising" to illustrate the point that spending large sums in inducing people to come to a store and then repelling them from buying goods by permitting them to be met by uncivil employes was very poor business. This principle may have another application equally forceful. If civility is a good investment for a merchant when cultivated by his employes toward his customers it is equally good an investment when cultivated by an employer toward his employes. Civility begets civility, just as surely as vice begets vice. It should be practiced by all toward those with whom they come in contact, and most em-

phatically toward those upon whom they are dependent for the successful handling of their business.

Civility is like a fine oil used to reduce friction in machinery when practiced by employers toward employes. A man cannot perform the service or do the work assigned him with efficiency unless he can respect himself while doing it. While he may do this regardless of the bearing of others toward him, it is infinitely easier for him to do it if all friction is removed between him and others by a consistent exhibit of mutual respect finding expression in mutual civility in deportment.

A condition of unvarying civility, founded on mutual self-respect, cannot be established by purchase. It must come from good-will and just appreciation of the position each holds in the industrial organization, giving recognition to the fact that success depends upon each one's duty being well done. While civility cannot be bought with money, it has a real money value which will be clearly visible in a real money value clearly visible in the results of every business where it is correctly practiced.

## AN EIGHT-HOUR LABOR LAW IN OHIO.

Those who represent the cause of organized labor are not the only ones who have worked hard to secure the enactment of measures designed to carry their theories into practical application, and then to find in the application about as many objections as were supposed to exist in the conditions they sought to reform. Establishing eight hours as a legal standard for a day of labor is one thing. To make its adoption mandatory upon all classes and conditions of employment is quite a different thing. Placing the legal rate of interest at a fixed per cent by statute law accomplished a great good, but seeking to punish all transactions made at a different rate is productive of great evil, and the sufferers from the evil are the ones whose demand the enactment of such laws seeks to protect—the borrowers.

This is the case with workingmen. There are many occupations the character of which imposes no greater hardship upon an employe who gives ten hours of service than is imposed upon other workingmen employed in other employments rendering eight hours of service in a day. As payment must be based upon service performed, those employes who are perfectly willing to give ten hours of service per day and want to earn ten hours' pay, will be deprived of the privilege under the operation of a mandatory law, forbidding any person to employ another more than eight hours per day.



The eight-hour law recently enacted in Ohio makes it mandatory to have the following stipulations entered into the text of every contract for public work.

"It is hereby stipulated and agreed by the parties hereto that the service of all laborers, workmen and mechanics employed upon the work under the within contract shall be limited and restricted to eight (8) hours in each and every calendar day, except in cases of extraordinary emergency, caused by fire, flood or danger to life and property; and said contractor agrees that upon violation by him of the foregoing stipulation he shall be liable by way of penalty in the sum of ten (\$10) dollars for each laborer, workman or mechanic, for each and every calendar day in which each laborer, workman or mechanic shall labor more than eight (8) hours, and the amount of such penalty or penalties shall be withheld by said trustee from any money or moneys due, or to become due, to said contractor, under the within contract; and said trustees shall not rebate or remit any penalty or penalties imposed under the foregoing stipulation, unless upon a finding which said trustees shall make up and certify that such penalty or penalties were imposed by reason of an error of fact."

This form was prepared by the assistant corporation counsel for the Board of Waterworks Commissioners of Cincinnati. While the vote on the approval of the stipulation was unanimous, there is a division of opinion as to its practical effects.

At a recent meeting of the Park Board of Cleveland an opinion from the city law department was read as to how many of the Park Board employes would be affected by the new eight-hour law. Caretakers, as the former policemen are called, and foremen, are not affected, but all laborers are. The Park Board laborers have been putting in ten hours per day at 15 cents per hour. If two hours are taken off a day's work without a corresponding increase in pay the park laborers will be hard hit, losing 30 cents per day from their wage of \$1.50 per day. Members of the Park Board do not see how the board can afford to increase the rate of pay per hour, since it is contended that its work requires just about so many hours in any event. An increase in the pay per hour would mean an increase in the expense of doing the necessary work. This the board cannot do, as it is now engaged in considering ways and means to cut down expenditures for labor.

President Cowles of the board states:

"When a representative of the labor unions appeared before the Park Board in reference to the eight-hour law, he said flatfootedly that the express purpose of the law was to cut down the hours of labor so that employment would be furnished for more men. There wasn't anything said about the men being able to do as much work in eight hours as in ten. You can see what position that would put us in if his logic is good."

City officials claim that the enforcement of the law will work to the disadvantage of the laboring men who are now employed, and that it will meet with the approval of those who are not employed until they find public employment. The laborers employed in the waterworks department of the city have already begun to file vigorous objections to the enforcement of the law. Heretofore these men have received nineteen cents an hour for a day's work of nine hours. A short time ago, to comply with the new law, the day's work was cut from nine to eight hours. The men still receive nineteen cents an hour, or \$1.14 less every week than they received before the law was enforced. Every Saturday, when the men call at the office of the waterworks department for their pay, they make vigorous protests to the cut in their wages.

In speaking of the eight-hour law yesterday, Mayor Farley took occasion to make satirical reference to the Legislature.

"The eight-hour law," said he, "is only another case of 'the doctor knows best.'"

The mayor told the following story: "During the war a gunboat on the Mississippi had just passed through a heavy engagement with the enemy. The decks were strewn with the dead and wounded. The wounded men were carried below to the hospital of the boat. After apparently all of the live though wounded sailors had been carried below, the doctor called out to one of the sailors to throw all of the

other bodies overboard. The sailor began to toss the bodies over into the water. He was well along with his work when he picked up one of the bodies that showed signs of life. It proved to be a sailor who had been knocked unconscious during the fight and had been pronounced dead by the doctor. But the other sailor didn't hesitate; he picked up the now conscious sailor by the seat of his trousers and the collar of the jacket to heave him overboard. The wounded sailor cried out that he was not dead, but the one doing the heaving said: 'Shut up, the doctor knows best,' and then threw the man into the water.

"The enactment of the eight-hour law is an instance of the Legislature knowing more about the needs of the workingman than the workingman himself."

#### FRICTION.

Every person familiar with the operation of machinery knows the waste of power and the destruction of wearing parts that is involved in untrue alignments and the want of a proper lubricant. A mechanic who failed to give strict attention to these two requirements would be promptly denounced by all of his associates as unfit to be entrusted with the installation or operation of machinery. A machine is only a part of the equipment of organized industry. Behind the machine is the man who operates it. Above the machine is the manager, who directs the

energies of the business. If the best results are to be obtained there must be no friction, not only in the machines, but between the men who operate and the men who direct. Friction between employes and employers is fully as destructive of profits as friction in machinery. To obviate friction there must be a true alignment of interests, and all operations must be lubricated by mutual confidence and good-will. Such conditions can be established only by a clear understanding of the requirements of justice by every person connected with an industry or business, no matter what his position may be, and his willingness to be governed in his conduct accordingly. If the 1,000 men behind the machines do not have this understanding the 10 men who have the responsibility of direction will frequently find their calculations disarranged or miscarrying by some fault of execution for which they are dependent upon others. Such failures react upon the employes, because they tend to diminish the volume and the profits of the business. A condition of contracting business and diminishing profits is the worst condition that can be created for the welfare of employes.

## BROTHERHOOD OF MAN AND STRIKES.

The brotherhood of man is usually regarded as a political sentiment. It is an economic fact in the sense that brotherhood means unity. Every facility developed by the resources of civilization for the exchange of commodities, persons and intelligence is to-day serving its preordained mission of unifying the economic conditions of the world. This is amply illustrated by the shifting of capital investments and purchase of commodities from one country to another. Stable conditions of government, a fixed unit of value and a favoring rate of wages determine the flow of products and investments. The workmen who are guided intelligently know that a victory at the price of continuous employment is the most bitter defeat they can be called upon to endure. The instances where trade has been driven from one locality to another by strikes that have been called successful are too numerous to admit of a doubt of their genuineness. Such strikes either aid in destroying the industry in which the workmen find employment or in turning it into new channels, which generally carry the trade into competing countries.

The cabmen of Paris sought to gain an advantage by striking during the days of the exposition. After 26 days of idleness they accepted the terms offered them at the time they quit. They lost in wages \$390,000 and learned that there are many competitors with

the cab. Some persons who never had used any other means of travel in the city, being forced to do so by the strike, have been broken of the cab habit.

Strikes at Dunkirk, Marseilles and other places are unsettled and the trade of those places is going to Genoa, Hamburg and Antwerp. The unfortunate French workingmen are doing all in their power to kill the goose which lays golden eggs. France will never know what the mania for strikes has cost. When successful the strikes increase the price of labor, and this increase has driven business from France. Before the celebrated Creusot strikes that firm furnished locomotives to Europe. To-day it cannot do so. It no longer receives orders from foreign railways, and French railways are buying locomotives made in America. All this creates a very serious economic situation, which tends to force a serious decline in French industry.

In England corresponding conditions are plainly visible. Every intelligent Englishman appreciates the gravity of the situation. The newspapers are continually calling attention to the decline and the nation's falling trade, due to the inroads of foreign products. The Daily Express recently said in a leading article:

"We are losing trade by continuous measuring of strength between capital and labor. Every strike which occurs here means the loss of foreign orders and foreign trade and the consequent strengthening of keen rivals. The day will come when both em-

ployers and employed will recognize that they have quarreled over a shadow and lost the substance. Both fight at present with no thought of the future. Meantime America, Germany, France and Belgium are taking advantage of every disruption of English trade."

These lessons should teach those who act for capital and for labor to take a worldwide view of conditions before determining their attitude on any proposition. There are in this country great manufacturing industries, having manufacturing plants in several countries. They make sales in every country in the world. If conditions are changed in this country so that it loses its advantages as a manufacturing center the process of closing down works here and enlarging the output elsewhere will be no more difficult than the writing of an order. It is in such industries that workingmen receive the best pay and the most continuous employment. How little a man knows about actual business conditions who talks glibly in a letter accepting a nomination for the presidency of the United States, about "dissolving every private monopoly that does business outside of the state of its origin." The small caliber of his mind causes him to regard every large corporation as a monopoly. He is incapable of seeing in the magnificent record of manufactured exports that American workmen are being employed by foreigners, because many concerns are doing business "outside of the state of their origin" and that to



dissolve them would cause more distress among American workmen than has ever come to them from any of the evils he decries. Of all strikes those made by politicians are the worst. They are industrial riots in which power divorced from intelligence is used to destroy.

### DENYING THE RIGHT TO WORK.

Combinations of capital are charged with destroying opportunity to labor. Labor unions are guilty of denying the right to work to all who are not members of their trust. Freedom of labor is a fundamental condition for freedom of the people, for individual liberty. Infringements upon this freedom, from whatever source they may emanate, are justly looked upon with apprehension by all thoughtful persons who intelligently care for the general welfare.

Combinations of capital create far more opportunities to labor than they destroy. This is a necessary condition of their success. The cause of capital combinations is to enlarge markets. To supply enlarged markets production must be enlarged. Enlarged production means enlarged employment of labor, or better wages, frequently both.

Of a different character is the denial of the right to labor insisted upon by trade unions. It is a part of their program to maintain the wage scale in certain trades by limiting the number of those who may learn the trade. This method has been quite

successful, but it is losing strength through the teaching of trades in technical schools. To deny a young person an opportunity to learn a trade by means of which he may be able to earn an improved living is equivalent to impairing his physical or mental capacity. In a certain sense it cripples him for life. Any denial of this right, by whomever it is enforced, is cause of serious apprehension for every father and mother who have children to prepare for the battle of life. This is a far more serious question than any other raised by organized labor.

### ECONOMIC SCIENCE VS. PHYSICAL FORCE.

"Savages are always warriors." With this truth the Cleveland Leader prefaces an editorial under the title of "Strikes More Costly than War." This article has reference to the recent coal mining strikes in Pennsylvania. A New York dispatch to the Denver News, under date of October 17, 1900, gives the cost of this great strike as follows:

Duration of strike .....	30 days
Number on strike .....	142,420
Production anthracite coal in tons, decrease..	4,000,000
Loss to miners .....	\$2,848,000
Loss to operators (mine owners).....	3,000,000
Loss to consumers .....	5,500,000
Loss to dealers in increased prices.....	2,500,000

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Total cost of strike .....\$13,848,000  
 This is the tremendous loss inflicted upon them-

selves and upon the public by miners and mine owners in a blind attempt to gain or maintain an undue advantage for one side or the other. Now that an adjustment has been made the advantages gained, wherever they may rest, will be a long time in repaying the losses incurred. The economic sin committed is contained in the fact that the adjustment finally agreed upon could have been made without an exercise of physical force or the loss of a dollar. More than this, with only their portion of the loss, as given above, the miners could have created a fund which, if properly capitalized and financed, would enable them to buy out the holdings of every mine owner in the state of Pennsylvania and thereafter operate the mines for their own account, thus passing from the condition of employes to the condition of the self-employed. By this means they would have emancipated themselves and earned their economic freedom. Such a result can never be gained by physical force. It can be attained only by the correct application of sound economic principles, which are known to those only who are masters of economic science. The study of this science is necessary for the welfare of the coal miner, the coal mine owner and the coal user—everyone whose interest is affected by the price of coal.

Justice exists not by being demanded but by being done. Those who do not understand the economic principles which govern their vocation, be that what it may, cannot do justice, because justice can only be

done by a correct application of sound economic principles to the solution of industrial problems. Physical force is blind. It must be guided by intelligence, or the clashing interests of those who must jointly operate together for the production of industrial results will terminate in a war between savages instead of a higher civilization, in which the welfare of one is known to be the prosperity of all.

#### OFFICIALS WHO SHOULD ENDORSE AND PRACTICE HONESTY.

There is a class of officials in every state to whom the public have reason to look for leadership in the effort to secure a uniform accounting system. The boards of regents of universities and normal schools; members of boards of control of the various state institutions; county commissioners; auditors; controllers and trustees of municipal funds. The influence of these public officers is sufficiently potent to cause the parties of which they are members to make reform of public accounting and auditing a feature in their party platforms.

Fortunately for Wisconsin, this reform has been so far advanced, thanks to the sagacious wisdom of Governor Scofield that it will be installed before the next state election (1900). The fiscal year for public accounting begins in that state October 1. The system has been carefully formulated and is now ready to be installed. Undoubtedly all officials, especially those ad-

ministering the affairs of educational, charitable and correctional institutions, will be a unit in support of this work, and will give to it their personal supervision to see that it has a successful commencement in their several departments. They will certainly not fail to cause every person who hopes to be a candidate for an elective office to understand that reform of public accounting has their unqualified approval and will point out to them that they can have no better ground for asking a nomination and election than the faithful installation of the accounting system that has been formulated by Governor Scofield's direction. If the people of the state are consulted upon this subject they will respond to this statement in unmistakable terms. They are honest and intelligent, and wish their public business conducted honestly and intelligently. If candidates who are not pledged to be faithful to the installation of the new accounting system are selected it will be because the selections are made by politicians who do not want it, and not by the people, who do want it.

Politicians cannot doubt, if there were time enough for the people to become awake on the subject, that there would be no better card to play than reform accounting, but they know it takes time for the people to get in motion. Some of them think, for this reason, that it will be safe to defer the installation of the new system until after election, which means indefinitely. They are quietly saying that they do not want to agitate this question now. The people can depend upon it,

if the reform system of accounting is not completely installed on October 1, it will be because officials and politicians, whose duty it is to indorse and practice honesty, have failed to do so.

### SELF-INTEREST AN ECONOMIC FACTOR.

We have often pointed out the fact that the elimination of self-interest from the ownership and operation of public service industries is a serious source of weakness in the scheme of municipal ownership. The only way in which this weakness can be overcome, if it can be overcome at all, is by the adoption of a uniform system of accounting, prescribed and audited by the auditor of state for all such undertakings within the state. By the aid of the comparisons that will be possible when this is done the people and the administration of any municipality can easily see wherein the management—say, of the waterworks—in their city is less effective than in other cities in the state. It is not to be expected that the management of any works will be inefficient or perfect in every detail. In every case there may be inefficiency in some and perfection in other details. By being able to make comparisons with the results of management in all other works any manager can see, not only in what details his management is inefficient, but just where to go to find out how to overcome his inefficiency. When works are owned and operated by private corporations the stimulus of self-interest im-

pels the management to look closely after every detail. This is the source of energy that gives life to enterprise, makes improvements, studies all economies and reaps a reward in profits realized. When this stimulus is lacking, through the elimination of self-interest, there must be substituted for it the prestige of publicity. With the adoption of a uniform accounting system the opportunity will come to every manager to prove his superiority in ability by the state's comparative record published to show the results of management in every department in the state. To be known as the best manager in a state is worthy the ambition of any man. The effort to win such prestige will have a direct money value for the people whose works are so managed, and should have a money value for the man who wins the prize.

### WANTED: A UNIFORM ACCOUNTING SYSTEM.

#### PRESCRIBED AND AUDITED BY THE STATE.

The citizens of Greenwich, Conn., are in great need of a uniform accounting system, prescribed and audited by state authority. If they once clearly understand the benefit such a system will be to them they will not rest until they get it. The following report comes from this town:

That the staid old boomers of this town, by their bookkeeping, or lack of it, for the last ten years, have

completely mystified not only themselves, but the large contingent of millionaires, who dwell here, was thoroughly demonstrated at a recent meeting in the town hall.

One thousand citizens listened for three and a half hours, with the temperature at 95, to learn that the town owed \$450,000 and had only \$100,000 to be collected on the other side of the ledger.

The investigating committee was told it had exceeded its authority in going back ten years, instead of one. The committee reported that it could not find a starting point later than ten years ago. The committee was finally discharged and the townsfolk went home to cool off.

The committee had been appointed last October to investigate the reports of town officers. Its report was a signal for a discussion that rivaled the thermometer.

Millionaire residents jumped up in the meeting and announced that if they had known the rottenness of the town affairs they would never have settled there. Others offered to sell off their homes and property on the spot for panic prices.

The voters were told that their officeholders, being in most cases native farmers, had lacked a knowledge of bookkeeping. No one was accused of theft, but there were figures, and the townsfolk were told that figures do not lie.

In the day-book of one aspiring town official was recorded \$12,000 for dog licenses. There was another



entry in the day-book of license fees for dogs of the mongrel variety, \$178. The tax collector had paid out \$111,000 more than he collected in one year.

Hiram June, town treasurer, had not kept his books in good form. He was allowed to be heard.

"I ain't much of a hand at keeping books," he said, "and if they weren't done just right I'll make it square with the committee."

Frederick Beltz, a lawyer, spoke for the element in the community doing business in New York. He said that if the condition of the town were known Greenwich would have less New Yorkers here than those who are to-day gladly welcomed and fleeced at every opportunity. After thoroughly frightening everybody the committee satisfied the voters that the confiscation of their homes was not threatened. Then the resolution discharging the committee was passed.

## CORRECT ACCOUNTING THE TAXPAYERS' SAFEGUARD.

Correct accounting is to the science of business what the mariner's compass is to the science of navigation. Successful operation is as dependent upon correct accounting in the one case as it is upon a correct compass in the other. This proposition is so clearly true one almost feels like apologizing for urging it upon the attention of intelligent readers. The address of Mr. Harry B. Henderson, state examiner of Wyoming, on the subject of "Uniform Account-

ing and State Examination of Public Accounts," and the lecture by Alexander C. Humphreys, widely known civil engineer, on the "Value of Instruction in Book-keeping and Accounting," should be read and studied by every young man, business man and taxpayer in this country. Both of these addresses draw their most convincing illustrations from experience. Work done, not theories, is what they talk about. The recital will satisfy you that the reports are given by men who know the truth and are telling it. After reading these addresses read the item from the Western Electrician on the "Advantages of Public Accounting for Public Service Corporations," the one from the Engineering News on "The Determination of Reasonable Charges by the Interstate Commerce Commission," and from California Municipalities on "Publicity of Public Service Corporations." You will find yourself ready to ask the question, what obstruction stands in the way of the immediate adoption of a uniform system of public accounting, auditing and publication? The answer is the inertia of public opinion. There is not a member of any of the twenty-seven state legislatures soon to be in session who will not be proud of the privilege of having his name as sponsor upon a bill to require and provide for a uniform system of public accounting, auditing and publication for all public accounts of the state if he was satisfied the measure was demanded by a majority of the intelligent voters of his district. There is not a

member of a Legislature who will refuse to vote for the enactment of such a measure if he is informed by the voters of his district that they desire him to do so. If any voter can give a good reason for not wanting this thing done we shall be glad to have our own opinion corrected by him, and will publish his reasons for the information of our readers.

In every well-managed business the correct accounting for expenditures is as carefully insisted upon as the accounting for income. Mr. Humphreys clearly shows how a failure to manage a business in conformity with the requirements of the correct rules of scientific accounting preordains that business to failure. Is it any less certain to do so when the business is a public undertaking? In a private business only the owners suffer for their ignorance or neglect. The failure of the business stops the process. In a public undertaking taxpayers suffer, and as the business cannot be closed up they must and will suffer perpetually, or until they require the adoption of a proper accounting system. Read Mr. Henderson's statement, showing how taxation has been reduced, efficient government promoted and public credit improved by the simple and inexpensive process of correct accounting and public auditing. "Inexpensive process" in this connection does not convey the right idea. "Profitable process" is the correct term. None of the taxpayers' money is more profitably spent than that paid for the services and expenses of the state

examiner. Yet, in disregard of this truth, there are those who ignorantly or corruptly oppose the adoption of a comprehensive system of public accounting and auditing, on the ground of its expense. This is a good deal like the rude ideas of the would-be engineers, who do not think it necessary to study accounting, because bookkeepers can be hired so cheaply. Mr. Humphreys, speaking from the vantage ground of a long and wide experience in dealing with affairs of the first magnitude, tells the undeveloped students that they will be the ones who will be hired cheaply if they cannot prove themselves masters, not only of their engineering specialty, but also of the accounts which record the results of operations following their recommendations. This is just as true of taxpayers. They must pay the costs of a uniform system of public accounting and auditing or they will pay ten times the amount in inefficient management of the public business. Their choice is between paying for a process that will make efficient government a certainty and paying a much heavier price for inefficiency.

Why is it necessary to urge upon you the importance of voicing your own demand that the profitable process of uniform accounting and auditing shall be made mandatory for all public accounts within your state? If you cannot control public accounts that are your own, how can you expect the accounts of corporations to be controlled so as to apply to them the regulative force of publicity?

## HONEST ACCOUNTING NON-POLITICAL.

The movement for lucid public accounting is non-political. The neglect of this reform in the past is not chargeable to any party or any set of officials to the exclusion of others. It is opposed only by those who, considering its immediate effect, seem to think that some candidates for renomination will be injured by any steps being taken to require the large number of institutions and boards to conform to the new centralized system at once.

If these men need protecting now, they will always need protecting. The only remedy is to apply the new system at once. It will benefit the officials who need protecting by reforming them, so that in the future they will be free from fear, needing no protection, or it will cause them to give place to men who regard honest accounting as their certificate of character and the right of the people.

No party in Wisconsin can afford to carry the burden in future campaigns of having secretly or openly caused the defeat or even the delay of the inauguration of a uniform system of public accounting and auditing. Even though the people are not fully aroused upon this subject a sufficient number of watchers are on guard to note the attitude of all candidates toward this fundamental requirement and to cause the record of their conduct to be preserved for future use. Sagacious politicians endeavor so to act as to cause their doings to read well in history.

## WHAT AUDITORS CAN FIND OUT.

When taxpayers realize how much of their money can be saved by a correct system of public accounting, honestly and intelligently audited by independent auditors, they will not be long in finding a way to secure the benefits of such a system. An illustration of what taxpayers lose through improvident methods that thrive under a lax system of public accountability is given by Messrs. Hertle and Owen, the commissioners of accounts of the city of New York, in their report for the year ending December 31, 1899.

In examining the accounts of thirty-one charitable institutions they found overcharges aggregating in total amount \$137,608. This amount contains two specific items. One in which they report overcharges made by the New York Society for the Relief of Ruptured and Crippled, of \$99,526. The second item is a deficit of \$16,292.85, as shown by their report of an examination of the Mission of the Immaculate Virgin.

These things are worth knowing. It certainly pays taxpayers to have all public accounts audited by honest, capable and independent auditors. The purpose of public audit cannot be served by appointees of the politicians whose accounts they are to audit.

## ADMINISTERED HONESTLY BUT EXTRAVAGANTLY.

Ignorance is a greater tax than corruption upon the business interests that pay the taxes. We have often said that the chief value of a uniform system of public accounting and auditing is in its power to promote efficiency. The information that can be gained from comparative statistics, which can be obtained only from uniform accounts correctly kept, will induce an intelligent as well as an honest use of public money. It is not enough that public officials shall be honest; they must be intelligent also, if the public service is to be comparable with private management on the score of efficiency. An official may pay 25 per cent more for an article or a service than a private manager would, and honestly account for every cent paid out, but the being honest about it would not make his administration as efficient as that of the private manager by 25 per cent. The administration of civil offices by army officers in our insular possessions, placing upon them duties for which they have had no previous training, has been "honest, but extravagant." That these officers honestly accounted for every dollar they handled has never been questioned. The fact that their management has been "extravagant" is not due to any desire to spend money recklessly, but to the fact that their experience in commercial matters has not been of a character to render them capable of handling the business entrusted to them in the most provident manner.

When it is considered how many persons there are intrusted with the power of spending public money in municipal, county and state offices, all of whom are presumably honest and therefore anxious to serve the public in the best possible manner, the enormous gain that can be made for the public welfare by establishing a system of accounting that will enable every one of these officials to see just when his management is less efficient than that of the most capable, will be appreciated. The accounts kept by one official, no matter how perfect his system may be, cannot have half the value they would if every official in the United States keeping the same class of accounts were keeping them by an identical system. Isolated accounts can establish the fact of honesty. A comparison of many accounts is required to establish the fact of highest efficiency.

#### A STRONG PLANK FOR MEMBERS OF STATE LEGISLATURES.

The fact that no person has the courage to apologize for dishonesty in public office is a recognition of the moral development of the American voter that is of high value. We understand that many candidates for public office assume virtues they have not when they appeal to the electors for support. Regrettable as this is, it is a great gain to have candidates feel they must preserve an attitude of respect for honesty in office. But one step more is needed to have them guarantee that they will require honesty in office.



The attitude of candidates opens the way for the people to require not only a promise, but performance. No performance can be as clearly and as satisfactorily shown as the enforcing of a correct accounting system. Without such a system a public officer, though honest, cannot secure full credit for having administered the affairs of his office honestly and economically.

State officers should be elected on that issue. No candidate for a state office, or for election to a state Legislature, can find a stronger plank to stand upon than the declaration: To induce efficiency and economy in the administration of all departments of municipal, township, county and state government, I will favor measures requiring a uniform system of public accounting, audited by independent state auditors, and the publication of comparative statistics for all governing and administrative bodies, so that the economy and efficiency of every public officer may be demonstrated to the satisfaction of the people and beyond the power of intelligent questioning.

If the people can be brought to a realization of the value to them of a reform of this character they would see that they could well afford to elect one Legislature on this issue alone. A great gain in this direction, if during the state campaigns for electing members of the Legislatures, each candidate is requested by his constituents to stand on this plank as his personal platform. We put it in this way because there is not, nor should there be, any monopoly of honesty. No matter

on what ticket a candidate is running, if his constituents are correctly educated, he will know that he cannot afford to refuse to subscribe to this plank. There ought not to be a constituency in the United States sufficiently unintelligent to elect a candidate to any office who by cajoling or a subterfuge will seek to evade agreeing to support all measures necessary to carry the principles of this plank into practical operation.

This is the people's business. Their capacity for self-government will be demonstrated by the way they look after it.

#### \$4,107,372 DISCREPANCY IN THE ACCOUNTS OF A MUNICIPAL WATERWORKS.

Advocates of municipal ownership never fail to point to the fact that over one-half of all the waterworks for supplying the villages, towns and cities in this country are owned and operated by the municipalities. As an evidence of the success of municipal ownership they show that changes from private to municipal ownership in this industry are very frequent, while changes from municipal to private ownership are rare. Judging only by the face of the returns, they have a very strong case. But it is pertinent to ask: Upon what foundation does it rest?

We do not believe there is a single instance where the accounts of a municipal waterworks, from the initial point to date, have been so kept as to show the entire and true costs and results of municipal owner-

ship and operation. To some this may be a startling statement. If anyone questions it, let him appeal to the Chamber of Commerce, Board of Trade, or Merchants' Association of his city, to do as the Merchants' Association of New York City has done—employ a thoroughly competent accountant, and have him assisted by a competent waterworks engineer—to investigate the accounts of the waterworks of his own city and report all of the truth and nothing but the truth concerning them. If the accounts do show the entire and true costs and results of municipal ownership and operation this task will not be difficult and the report of the investigation will be a certificate of honest management, of which any waterworks department will be justly proud. If, on the other hand, a condition of affairs, such as is shown by the expert employed by the Merchants' Association of New York City, is found to exist, the knowledge of this truth will be worth much more than the cost of obtaining it, to the taxpayers and the people of the city.

This report on the water revenues of New York City only indicates, it does not show, what the people of that city and state can gain by establishing a uniform system for all public accounting, prescribed and audited by state authority. This lesson can be learned in the same way in any city. We make our challenge of all municipal waterworks accounts broad, because we desire to induce a close-fitting investigation in every city. The people have the right to know all of the

truth regarding these matters. It is their affair, not ours. We show them how they may learn the truth and supply evidence to prove the truth is worth knowing. What city will be the next to take up this subject, make the necessary investigation and publish its results? We are anxious to receive reports from cities that will prove our position wrong. Who will furnish them?

### PROFESSIONAL EDUCATION OF CITY OFFICIALS.

Professional education for all professions has long been recognized as a necessity. The recognition of this necessity is rapidly broadening and is destined to make all vocations professional. The American Bankers' Association is organizing an educational system for the purpose of training young men for the duties of the banking business. Railroad men are educating their employes to fit them for their respective duties. The American Gas Association has established a correspondence school to educate young men for their profession as engineers and managers. The thing that is being done in these three types of vocations is also being done in a very large number of others, but we have no information showing that any provision has been or is being made to educate city officials for their duties. The need of such education must be as great in this vocation as any other. Election or appointment to office has no power to confer

upon the recipient of the honor an endowment of knowledge that will make him an expert in the duties he is to perform. But it is as essential to the public welfare that city officials shall be competent as it is for bankers, railroad men, gas men or those employed in any other vocation. How far the League of American Municipalities will be able to go in the direction of educating city officials has not been demonstrated. That it can accomplish much good is unquestioned. That it has not done all it should in this behalf is apparent. We are glad to know that Mayor Johnson of Denver, the president of the league for this year, has under consideration the advisability of spending less money on entertainments and more on securing able papers on practical subjects and their publication, together with the discussions, in substantial form, so the information may be available for all city officials.

#### BUSINESS METHODS IN CITY ADMINISTRATION.

Public attention is destined to be directed with increasing intensity to the administration of municipal governments. Two powerful causes are operating in this direction, one from within, the other from without. The people of the cities who have a conscience and a heart are demanding that the cities in which they live shall be safe, healthful and moral homes for themselves and their children. This they cannot be

unless their business of administration is organized and enforced to reward honesty, intelligence, good character, and to drive out of public employment all who do not cultivate and practice these virtues.

Pressure is being felt from without in the broader field of national politics. With the large majorities usually cast for one party or the other in cities, and the voting force of the country so largely concentrated in cities, it is becoming apparent that a party that does not give an effective government in the municipalities in which it is in power is not a safe party to be intrusted with the administration of the affairs of the state and of the nation. These two forces, the demand for good municipal government for the sake of the home and the demand for efficient municipal government for the sake of party prestige, are destined to work the reformation long desired by those who study public affairs solely to seek out ways and means for their improvement. It is clearly demonstrated by every honest and capable man placed in office that improvement must be based upon the character of public officials and the system they are called to administer.

## A FEDERATION OF MUNICIPAL ASSOCIATIONS.

Municipal Engineering proposes an important step of progress in its suggestion for the organization of a federation of municipal associations. The statement of advantage that may reasonably be expected to result from such a step is clear and can but favorably impress those who most intelligently study and work for improved municipal government. By a joint effort of the American Society for Municipal Improvements and the League of American Municipalities the organization of a municipal federation should be easily accomplished. Concentration of effort for the attainment of a common object is the outgrowth of intelligence and civilization. It is the cohesive force of our republic and the motive power of our industries. Government combines groups of people into a single monopolistic organization for the purpose of establishing justice and promoting the general welfare. All the varied activities of municipal government lie close to the welfare of all urban citizens. A federation that will combine into one organization all branches of municipal administration and all students of municipal government should be capable of accomplishing great good. We hope to see such an organization created.

## PUBLIC EYESORES.

A practical movement against the disfigurement of the landscape has been started by a Massachusetts organization, the Twentieth Century Club of Boston. Through its art department it has offered a prize of \$25 for the set of a dozen photographs which shall illustrate most effectively the harm, from the æsthetic point of view, which is done by the glaring advertisements that so frequently impair the beauty of the landscape. The photographer is asked to furnish, wherever possible, information as to the price which is paid the owner of the land for its use in advertising, and the opinions of people who live in the neighborhood as to the propriety of making money by allowing public eyesores. This seems a hopeful way of bringing public opinion to bear. It is generally understood that the prices paid for such privileges are as a rule very low, and it ought to be possible to shame a good many people out of "selling themselves so cheap." Every such movement, too, will help to strengthen a sentiment which will some day insist upon legislation that shall make it a crime to plaster Nature with recommendations of pills and soaps.



## PROPOSITIONS FOR EFFICIENT MUNICIPAL GOVERNMENT.

Uniformity within states and uniformity by states in systems of accounting, reporting and administration is essential to the development of municipal governments of highest efficiency. To aid in the promotion of efficient municipal government we submit the following propositions for the consideration of all urban citizens, and more especially those who are actively engaged in the study of any feature of municipal life or in the administration of municipal affairs. To all such we offer the pages of Public Policy as a medium for the publication of their views on these subjects:

First. That practical civil service regulations, strictly and continuously enforced, in the case of public ownership, and a just system of profit-sharing in the case of private ownership, are necessary provisions to safeguard the interests of employes, and to insure efficient economic management for the service of users and taxpayers.

Second. That a system of accounting, uniform throughout the state, prescribed and audited by authority of a general law, designed to show the true and entire cost of every public service industry, identical in every particular for public and private ownership and operation, is an indispensable condition to secure intelligent and just regulation.

Third. That a general law should specify that

there shall be included in all statements of costs, used as a basis for determining prices to users and taxpayers, interest on the investment at the rate paid on its bonded debt by the municipality in which the industry is located; a sufficient provision for insurance against loss by accidents of every kind; the amount of taxes relinquished, if a publicly owned industry, and paid if a privately owned industry; an ample provision for insurance against the impairment of investment; the true and entire costs of all materials used and salaries and wages paid, and an accurate statement of all miscellaneous expenses.

Fourth. That price to users and taxpayers should be based on cost plus a provision for the payment of all capital secured by taxation or the sale of bonds, in case of all publicly owned, and cost plus a legally limited profit in case of all privately owned, industries.

Fifth. That price should be determined for specified periods of years.

Sixth. That all services rendered to private and public users should be valued and paid for at prices determined as specified in number four. All free service should be prohibited.

Seventh. That no service should be sold for less than its cost.

Eighth. That the divisible profits of private ownership and operation should be determined and limited by a rate upon the investment which shall be equal to twice the rate per cent paid on its bonded debt by

the municipality in which the industry is located, in all cases where costs are calculated and allowed, as specified in number three.

Ninth. That all surplus in excess of the legal profit should be divided equally between the municipality and the private owners.

Tenth. That in making contracts with private corporations for the purpose of carrying the foregoing regulations into effect, the initial investment used as the basis of calculations should be determined by process under the law of eminent domain, or by arbitration, as may be mutually agreed upon between the municipality and the corporation.

Eleventh. That this contract should provide that at the expiration of every period of years for which prices have been fixed the municipality shall have the option of paying to the corporation the full amount of its investment and thereupon taking possession of the property, and thereafter operating it as a municipal industry, and in case this is not done that the prices shall be determined for another period of years and the contract continued in force without further change.

## A BAND TO BEAT THE TOWN.

Chicago is ahead in some things, if not in all things. While there are many ways in which the comfort of the people might be improved by a judicious use of taxpayers' money, the good people of this city do not begrudge a reasonable sum for public entertainment. It is discouraging, however, to find those engaged to perform this philanthropic service so mercenary as to resort to dishonest practices to cheat both the public that is being entertained and the taxpayers who foot the bills. The following report will explain a new way of beating the town:

The Lincoln Park Board has had lots of trouble in its time, but this last week it had to contend with something new in its way, i. e., a band for popular concerts, largely made up of "dummy" players. The commissioners have a fine bandstand, that holds 50 players, and they made a contract for 50 musicians to fill it during certain hours of the day throughout the summer. One of the commissioners recently noticed that the 50 men did not produce as much music or sound as they should, and he began an investigation. One man, with a large horn several inches from his lips, was industriously studying a Hawthorne entry card during the most spirited passages. Another, in poor position, was gently dozing and so it went, until about one-third of the band was found to be bogus. The bandmaster had found it cheaper to furnish dummies, and now the commissioners have provided another band.

## BENEFIT OF STATISTICS IN PUBLIC BUSINESS.

In their annual report for December 31, 1899, issued in June, the commissioners of accounts of New York City show in numerous ways the benefits of statistical work in the management of the city's affairs. In referring to the examination of the accounts of the department of highways for 1899, they show that prices have steadily declined, in face of the fact that in general business prices have been on the increase during the last two years. The cost of asphalt paving per square yard is given as follows:

1895, 1896 and 1897, cost \$3.18 per square yard.

1898, cost \$2.86 per square yard.

1899, cost \$2.64 per square yard.

Although this decrease in price, while labor and other costs are increasing is undoubtedly due to monopoly conditions, the commissioners fear the power of the asphalt monopoly, without giving a reason for their fear based on experience. They describe the methods of the managers of the monopoly thus:

"First, to obtain control of all available sources of supply; second, to employ men with knowledge and influence; third, to throw discredit on all those who show a disposition to compete for this business, or to cast suspicion upon their materials, and, fourth, to buy up and absorb all competing concerns."

Omitting their specification, which illustrates the

human nature of competition in business that has been observed and commented upon ever since the days of King Solomon, all of the other methods specified have the sanction of sound economic practice and must be followed if the public are to secure the benefits of price reduced by the application of correct economic principles. If these methods were pursued without a reduction in price it would be evident that the managers of the monopoly were overcome with greed, but, since they make reductions in price, they are giving some share of the advantages gained by their methods to the public.

#### DANGER APPREHENDED.

Continuing, the commissioners say: "We bring these facts forward simply to point out the direction from which danger is to be apprehended in the future.

"Such a combination, unlike many existing trusts, has to deal with the people, not directly, but through public officials, and the danger lies in the commission of acts by such officials, through ignorance or otherwise, which will result in monopoly's gain and public loss."

This danger can be completely overcome by a scientific system of public accounting, prescribed and audited by the state, made mandatory upon all municipalities in the state, and the publication by the states of annual reports of comparative municipal statistics, showing the exact cost in every municipality

of every branch of public work and administration. Such a publication would render the "commission of acts by city officials, through ignorance," that are contrary to the public welfare, impossible, as ignorance could not exist. The absence of ignorance would also remove much of the danger from the "otherwise" cause of improvident acts by city officials. The public as well as the officials would be informed by such a publication. The "otherwise" cause is only available when the public is not informed.

Another way in which this danger may be overcome, and the full benefits of monopoly secured for the public, will be found in granting a monopoly contract by the terms of which the price paid shall be only actual cost, plus a stipulated profit. Under the terms of such a contract every economic gain secured by controlling all sources of supply, the employment of capable men having expert knowledge, and the absorbing of competitors, will be shown in a corresponding reduction in price. The only requirement necessary to make such a contract a perfect success is the employment by the public of honest and thoroughly competent accountants, thoroughly sustained in their work by a correctly educated public opinion.

## PROVIDENT USE OF PUBLIC FUNDS.

The ordinary expenses of the government of New York City are reported to be nearly \$91,000,000. This budget covers only those expenses that are paid out of the annual revenue. It does not include expenditures for public improvements paid for out of the proceeds of bond sales. The sources of this annual revenue are stated as here given:

Revenue from city departments <sup>1</sup> .....	\$ 3,654,643.77
Excise fund .....	4,575,000.00
Theatrical and concert license fund.....	93,896.12
Unexpended appropriations .....	1,531,732.81
Taken from taxpayers' property.....	80,923,699.77
Total .....	<u>\$90,778,972.37</u>

Stockholders in a business corporation doing a business of this magnitude would require the certificate of an independent auditor to the correctness of the annual reports submitted to them. In no other course is there any security against gross impositions. Taxpayers should have the same security.

Many men have devoted much time and contributed liberally to carry on work designed to devise and inform the people regarding systems of taxation that would cause the financial burden of government to rest more justly upon all sources of revenue. If, by obtaining a just share from all who should justly contribute, the share of anyone is perceptibly decreased, a feeling of deep satisfaction is expressed by

<sup>1</sup>. Waterworks, dock rentals, ferry rentals, etc.



the beneficiaries of the system. Desirable as justice in taxation unquestionably is, the provident use of public funds is equally desirable and offers opportunity to decrease the share that every taxpayer must pay by decreasing the total amount required. Those who study taxation systems can never reach the best results until they study with equal care systems of accounting showing the purposes for which, and the thrift with which public money is used, from whatever source derived. This course is urgently recommended to every organization having a committee on taxation. Such committees are composed of active, earnest business men, who thoroughly understand and appreciate the importance of correct accounting in the many business enterprises with which they are connected. The only way in which they can manage their business affairs is by having correct statements of details laid before them whenever they require. The same methods must be used in public affairs if they are to be providently managed.

#### CIVIC PRIDE IN FORT DODGE.

Respect for property rights grows with the growth of the healthfulness, beauty and prosperity of any city. Cleanliness, good order, beauty, everywhere apparent in a city, will exercise a silent influence over the evil-disposed that will make them better, while it restrains their evil conduct. This is a gain sufficient in itself to inspire every effort that has or can be

made to make cities as comfortable and as beautiful as possible for those who live within them.

What can appeal more strongly to civic pride than the work of the improvement societies described in an editorial in the Fort Dodge Messenger? In what way can work be done for improving city government that will be more effective than the work being done by these improvement societies? They are not composed of politicians. These workers have no thought of politics, but in the degree of their success in making their city healthful, beautiful and prosperous will they succeed in making it impossible for an inefficient, corrupt and immoral administration of the city's affairs to exist among them.

We know nothing but good of the people of Fort Dodge. There will never be anything else to know about them if their improvement society keeps up its enthusiasm and good work.

## HOW CAN MUNICIPAL GOVERNMENTS BE IMPROVED?

One becomes a crank when he has but one remedy for all ills. We have become a crank. We believe a uniform system for all public accounts, prescribed and audited by authority of the state, is a fundamental condition for honest, intelligent, economical government. We believe this condition must be created in every state before its municipal, township, county and

state governments can be an efficient means for promoting the welfare of the people.

. We do not urge this because we think the people are suffering from dishonest officials. We believe as a class men in public offices, from lowest to highest, are as honest as the same number of men found anywhere. But city officials have no training to fit them for their duties as men are fitted in business life for the positions they hold. They are taken away from the business for which they have fitted themselves and placed in positions of great responsibility without any supervising experience to guide them. This is just the kind of experience that the state will supply when it assumes control of the accounting and auditing systems of public offices. The people are suffering from honest incompetence in office much more than from dishonesty.

When public accounts are properly kept and public reports are properly audited and edited it will be possible for honest and competent men to become expert administrators and to prove their ability by their records. All administrative offices, from janitor to mayor, should be regarded by the people as positions requiring the services of experts, just as every large business organization depends for success upon the ability and integrity of a corps of departmental managers and skilled employes.

The article in Municipal Engineering, calling for the "improvement of municipal methods," should go

far toward rousing a general interest in our remedy—a uniform system of public accounting, prescribed and audited by state authority. Which state will be the first to try this remedy?

### EXPENSIVE CITY GOVERNMENTS.

Two articles, "New York is the World's Costliest City" and "Money Wasted on Cedar Blocks," furnish food for thought to those who study city governments from their ethical or their business sides. No one can so study the problem closely without discovering that the fundamental weakness in the existing system is in the lack of sound business methods and proper supervision by means of which correct data can always be made available to stimulate and guide public opinion. We have recently witnessed great efforts put forth by an association of educators to compel certain tax dodgers, so claimed, to pay taxes. If we are rightly informed, the initial inducement which caused them to make this effort was to get more money into the city treasury, in order that their salaries might be adjusted. This movement was unwise, not in the sense that taxpayers should not pay their lawful dues, but because no treasury can be filled when the means of outgo are in excess of income. If all the money paid into the city treasury were properly expended, as it would be under the administration of a uniform system of public accounting, prescribed and audited by the state, the saving so effected, in comparison with existing conditions,

would be vastly greater than the entire amount of taxes these educators claim should be paid, and the efficiency of the city government would be correspondingly improved. If the energy expended to compel corporations to pay taxes were expended in the direction of improving the business administration of the city government success would be achieved and the educators would have the salaries they claimed.

### MUNICIPAL PROGRAM.

1. To secure efficient government for every village and city by a general law providing for their uniform organization under municipal constitutions of their own adoption.

2. To establish by general law a merit system which will enable every public employe to retain his position, and to win promotion by virtue of his service record, to the exclusion of all other influences.

3. To induce efficiency and economy by providing a uniform system of accounting and auditing, and the publication of comparative municipal statistics.

4. To prohibit public mortgages on private property for the purpose of owning and operating any public service industry, by providing that bonds authorized for such purpose shall be secured only by a mortgage on a lease of the municipal right of way, the property acquired, and the revenue derived from the industry.

5. To prevent deficiencies caused by the ownership and operation of public service industries by providing

that no municipality shall sell a public service at less than its true and entire cost.

6. To regulate corporations owning and operating public service industries by providing that municipalities may contract with such corporations for an exclusive supply of a service for public and private use on the basis of cost plus a reasonable profit on an actual investment, and declaring the accounts of all corporations operating under such contracts, necessary to the determination of cost, to be public accounts that shall be kept in form prescribed and subject to audit by the state.

## WHO OBJECTS TO EFFICIENT MUNICIPAL GOVERNMENTS?

In recent years a certain cult of reformers have charged the inefficiency of American municipal governments to the influence of private corporations. This charge was the most pronounced feature of the papers and discussions that held first place at the recent meeting of the National Municipal League.

All students who intelligently read the history of municipal government in this and other countries are agreed that uniformity of accounting and records, imposed by state control, audited and published by the state, will be the most powerful factor that can be devised for the development of efficient municipal governments. Those who have read our discussion of the economic principles involved in the law of incor-

porated companies operating under municipal franchises are aware that we then advocated the establishing of state departments of municipal administration for the purpose of securing a properly developed accounting system. Mr. M. N. Baker now advocates state boards of control or state examiners and refers to the successful examples of the English Board of Trade, and the good work done by the state examiner of Wyoming. The most encouraging feature of his paper, however, is the account he gives of the associations that are making a special study of this subject and have committees organized or authorized to devise uniform systems of accounting for the industries they represent, and to co-operate with all similar committees to correlate such systems into a symmetrical whole. The list of associations given by Mr. Baker follows:

1. American Society of Civil Engineers.
2. Illinois Society of Engineers and Surveyors.
3. American Public Health Association.
4. New Jersey Sanitary Association.
5. American Economic Association.
6. American Society of Municipal Improvements.
7. International Association of Municipal Electricians.
8. American Waterworks Association.
9. New England Waterworks Association.
10. Central State Waterworks Association.
11. American Gas Association.

12. Western Gas Association.
13. National Electric Light Association.
14. National Convention of Railroad Commissioners.
15. Street Railway Accountants' Association of America.

To this list must now be added the National Municipal League, resolution providing for the necessary committee having been adopted at its annual conference, September 21, 1900.

It is worthy of special notice that this list contains nearly all of the associations of water, gas, electric lighting and street railway corporations there are in the country. It is our opinion, if ever the committee appointed by the National Municipal League goes into conference with the committees of the organizations mentioned in this list, it will have occasion to advise the orators of its association to recede from their position that corporations want weak municipal government. The reverse is true and will soon become publicly recognized.



EVIDENCE OF PROGRESS IN EFFICIENT  
MUNICIPAL GOVERNMENTS.

Mr. M. N. Baker, associate editor of Engineering News, New York, and Mr. James Blake Cahoon, president of the National Electric Light Association, Syracuse, N. Y., are both well qualified to discuss this subject. In this, as in many other instances, when men having the necessary technical training to enable them to deal with a subject as a question of science, instead of sentiment, take part in a discussion, there is substantial agreement in their propositions.

The possible benefits to be derived from a well-devised and honestly administered system of public accounts and records have never been fully set forth, nor can they be, because, like wisdom, the benefits will be multiplied by the number between which it is divided. The benefits stated by Mr. Baker, and those set forth by the editor of California Municipalities, in the article under the title of "Value of Annual Reports," are sufficient in themselves to justify all the exertion that has been and will have to be made to secure the practical adoption of any system that may be devised.

At the meeting of the American Economic Association in 1890 Prof. Henry C. Adams read a very able paper under the title of "Statistics as Means of Preventing Abuse by Corporations." We took up the subject at once and offered two resolutions, request-

ing the association to formulate a system of accounting designed to show the true and entire cost of public service utilities. We then stated that when costs were so shown the public could act intelligently and award the ownership and operation of such utilities to municipalities or to private corporations, whichever was shown to be the most economical for users. We are gratified to find Mr. Cahoon occupying the same position. He says: "If it can be shown that public utilities can be operated cheaper and better by municipalities themselves, there can be no question but that private capital will abandon the field, but private capital does not as yet concede this, and in order to determine this point the National Electric Light Association made a proposition to the League of American Municipalities at their convention in Syracuse in September, 1899, in effect that they would be willing to stand one-half the expense of a careful investigation of the subject and determination of the true cost of operation of municipally owned plants, this to be determined by independent engineers, selected jointly by the presidents of the two associations. The cost, as thus determined, should then be compared with prices charged by the private company for plants of similar size and operating as nearly as may be under similar conditions."

This is a direct challenge from an association of corporation managers to an association of city officeholders. The challenge is still pending. The investigation proposed has not been entered upon.

In urging the resolutions offered to the American Economic Association, we plainly stated that our appeal was to statistics as a means of preventing the abuse of corporations. We believed then, and we believe to-day, that a correct system of uniform accounting, prescribed and audited by the state, identical in every respect for publicly and privately owned public service utilities, will be the means of destroying the antagonism that has been persistently and studiously developed by uninformed or misinformed theorists and blackmailing politicians. We believe the contracts that will be made between municipalities and corporations, based upon the information such a system alone can give, will place every corporation operating under them on a solid financial basis, will make their securities as good as those of the municipalities in which the services are rendered, and will secure for users the best service at the lowest cost that can be developed by science and efficient management.

A uniform system of public accounts and records, prescribed by the state, audited by the state and published by the state, will do more for the improvement of municipal governments than any other measure ever proposed. It is fundamental to all proposals affecting municipal public policy. It will save taxpayers one hundred times more money than it will cost. It will render municipal offices places of honor and will give to every official opportunity to do good work and have the credit of doing it certified to the

world by the auditor of state. If any person can give a good public reason why such a measure should not be adopted, we shall be glad to publish it for the information of our readers.

### GROWTH OF CITIES.

The modern growth of cities is marked as much by the area over which municipal governments spread as by the concentration of population. In our day many causes of concentration of population are inoperative. Herding together for the purpose of mutual protection against a foreign enemy is no longer a cause of concentration of population. Gathering about great waterpowers to gain the advantages of cheap power has lost force through the competing advantages of steam power. The advantages of water transportation have in like manner lost force through the competition of steam transportation.

Concentration is now induced by industrial, commercial, educational and social advantages. Agencies equally powerful are at work to distribute the mass of humanity brought together by these advantages over constantly widening areas. The mail, telegraph and telephone services, with their accompanying steam and electrical services for the conveyance of persons and commodities are constantly rendering it less necessary that persons and their business shall be kept in close touch, and that different classes of business, or different concerns in the same business, shall be located adjoining each other to obtain the best results.

Manufacturing concerns seek the outskirts of cities, where they can have more room for their works and their employes can have homes. Merchants, professional people and their employes seek homes in the country, where their families can have advantages for comfortable living not to be found in a city, and where they can have rest and recreation after the day's work. These causes are surrounding every city with populous suburbs, as intimately a part of the city as any of its central squares. It is necessary for the welfare of both city and suburbs that a centralized municipal government should spread over the whole area inhabited by those who do business in the city. If this is not done the city will lose greatly in the quality of its electorate. This will place the important interests of the city government in the hands of those having small interests and a limited knowledge of efficient management. The business interests of those living in the suburbs suffer from this cause. It is the commanding advantages of the city that make the suburbs possible. The inclusion of the suburbs within the city is the logical result of the forces which cause the people to wish to live in or near the city. Consolidation of municipal corporations joining each other is the order of the day.

## PROPERTY AND GOVERNMENT.

Under conditions of universal manhood suffrage, the right to own property rests upon the honesty and intelligence of the electorate. No evidence is more conclusive, of the normal respect for law existing in the minds of the voters of the United States, than the security of the right legally to hold what has been legally acquired. It is a superficial view that points to the courts as the power which safeguards the ownership of property. The courts must render decisions in accordance with the law. There is not a constitution nor a law in the legal structure of the United States that cannot be changed at the command of a majority of voters in the jurisdiction interested, from the smallest village to the national government. This fact shows that the true safeguard of property rights is in the honesty and intelligence of the voter.

For every voter owning property worth \$100,000 or more there are a thousand, each of whom own less. These large property owners, like the managers of large industries, believe certain public policies to be beneficial and others to be destructive of their interests. How can they expect the thousand who do not own property, and their employes, to think as they do, and, so thinking, to vote as they do, unless they have the same sources of information at their command.

## NOT THE RESULT EXPECTED.

Among the ways devised by those who seek to prevent city councils and sagacious corporation managers from giving away the public heritage, is one which requires all public service franchises to be sold at public auction. In this way it was expected the people would secure the full value of the franchise and giving them away would be stopped.

The city of Syracuse, N. Y., has a charter, in which there is a provision requiring the sale of franchises at auction. Recently the Syracuse & Oneida Lake Electric Railroad Company wanted a right-of-way on streets in Syracuse. The sale of the franchise was advertised and made according to law. The direct expense of the sale on the part of the city was \$504. The proceeds of the sale was \$1. There was but one bidder, the attorney of the railroad company. One point has been gained. The worthlessness of this method of disposing of public service franchises has been demonstrated. This may clear the ground so that a more rational method may be brought into use. Before this requirement was placed in the city charter, by direct negotiation with another suburban company, the mayor secured \$5,000 for the city in payment for a similar right-of-way on the city streets.

## RIGHT!!!

## EXCLUSIVE, PERPETUAL, REGULATED FRANCHISES.

Better evidence of progress in the correct understanding of questions of street railway policy cannot be desired than is contained in the statements made by Mr. Milo Roy Maltbie in his letter to the Street Railway Commission of Chicago. At this time we can select only a few of his propositions for the purpose of giving them emphasis.

"Whether street railways should be brought under a single management or whether the competitive idea should be observed is no longer a debatable question."

We hope this marks the beginning of the end of the reign of the competition fallacy, which is responsible for laws and decisions without number, that are in direct violation of sound economic principles.

"Progress in the direction of municipalization, to be permanently successful, should be made very slowly and only after thorough investigation and full discussion. Without civil service reform failure is certain to follow."

What city in this country has a civil service sufficiently effective and protected from the greed of politicians to justify it in assuming the responsibilities of the ownership and operation of a public service industry with any hope of securing an economic gain thereby?



"When private ownership and operation is decided upon the franchise should also be unlimited in duration, but the city should be empowered to take over the entire plant at certain stated intervals, such as five or seven years, provided it paid the then value, present cost less depreciation."

We hope the citizens of Chicago and of other cities will be able to understand the wisdom of this proposition. Upon this basis only can a correct administration of public service industries be founded. Before the benefits possible from the adoption of this proposal can be enjoyed, in many states, the people will find it necessary to change many provisions in their state constitutions and statutes. Opinions of courts will come all right when constitutions and laws are correctly drawn.

"In all franchise grants the city should aim to secure lower fares rather than high compensation."

This requirement is so obviously in the interests of the millions, whose sole means of transportation is supplied by the street car, there can be no successful debate upon it before the public. The distribution of a working population where it can be well housed and have plenty of sunshine and pure air, made possible by the rapid transit and low fares furnished by the modern street railroad, is the very essence of practical righteousness. Its beneficence is a blessing to the entire community.

"Experience has proved that unrestricted private

monopoly will not have, ordinarily, the same respect for the interests of the public as will management under public control."

This is the vital point of the controversy. Unrestricted public or private monopolies are equally odious. We have for years been trying to teach the public that the state should devise a scientific system of regulation for all public service industries and apply it without fear or favor to all public service undertakings, whether owned or operated by municipalities or private corporations. The system of regulation must be identical for both forms of ownership. It must be prescribed and enforced by the state.

"The congestion of street traffic in the business portion of Chicago will soon render necessary the construction of subways immediately under the surface of the street, which can easily be reached, and through which the cars coming from less densely populated portions of the city will pass."

The people of Chicago have it within their power to provide advantages for the intra-urban transportation of commodities and persons, in combination with facilities for interstate traffic, that will draw to this city a commerce and population that will far exceed that of any city in the world. They cannot do this while they permit themselves to be dominated by the ideas of small minds, that are incapable of rightly understanding the requirements of to-day.

How can such minds devise facilities for local and international transportation that will respond to requirements of all the commerce that can be developed during the century to come?

"Having a practical and a legal monopoly, the company would not be obliged to defend itself against outside competition, and could, therefore, make known to the public most every business operation."

We hope the Street Railway Commission will be successful in forcing this instruction into acceptance by the people it represents. We believe all public service corporations stand ready to exchange all the information the public can require for all the protection the public can give. When this is done the public will find that the watered stock irritant has been entirely eliminated from the problem.

Those who give so much thought to the subject of squeezing the water out of corporation securities are following a false scent. The real thing that must be done, before the public service industries can rest upon a sound basis, is to squeeze ignorance out of the constitutions and statutes of states. When this is done the people can enjoy the benefits of scientifically regulated monopolies. In no other way can the best services at the lowest profitable prices be made possible.

## TAKING PRIVATE PROPERTY FOR PUBLIC USE.

"The city should have seized the pier and placed the burden of proof on the other side." This is the heroic method Controller Coler, according to a report of the New York Herald, May 19, 1900, declared should have been used by New York City to acquire dock property.

We believe every civilized government provides in its fundamental law that private property shall not be taken for public use without just compensation. Resting upon this law there is a well-defined course of procedure, by which the "just compensation" to be paid may be determined. The ownership of all private property is held subject to the provisions of this law. This fact is frequently lost sight of in discussing questions pertaining to public improvements under franchise grants.

The right of eminent domain may be regulated by contract, but it cannot be abrogated. A franchise may be granted for the construction of an important public work, such as the building of a transportation tunnel under a great city, giving rights to the constructing and operating company for one hundred years. But this will not absolutely deprive the government from taking possession of the tunnel and property and converting the same to its own use at any time it may desire to do so. The franchise contract,

in such a case, would be an element to be considered in determining the compensation to be paid, but it would be important to deprive the government of power to take the property. A contract of any kind can be invested with such power only at the expense of the sovereignty of the government.

A government cannot abdicate its sovereign power and remain sovereign. It cannot part with this power by contract, or by any legislative act. No agent or representative has authority to cede a sovereign power, or the power of a sovereign over an object subjected to its jurisdiction, without the express authority of his sovereign. When this fact is considered in connection with franchise questions it will be seen that perpetual franchises are more advantageous to the public than term franchises for declared period of years. The perpetual franchise can be terminated by the government at its option at any time without considering the disturbing element of a term contract. Any corporation accepting a perpetual franchise will do so with a knowledge of the right of the government to cancel it at will. Having this knowledge, it will become the policy of the company so to operate its industry that the government shall never have cause to cancel the franchise. This means good service for the people.

## PROPERTY OWNERS' RIGHTS TO COMPENSATION FOR SPECIAL USE OF PUBLIC RIGHTS-OF-WAY.

Two decisions have been rendered by the Wisconsin courts that are diametrically opposed to each other on the question of the right of an abutting property owner to demand compensation for a special use of the public right-of-way. The first case was an action brought against a telephone company to restrain it from maintaining its pole where placed, and to recover damages. The second case was brought by a street railway company to prevent an abutting property owner from removing one of its poles.

In the first case the Supreme Court holds that "telephone poles and wires in a street constitute an additional use of the street, for which abutting owners must be compensated; that poles and wires cannot be placed in front of a person's property without compensating him for so placing the poles, even where the poles stand wholly within the street."

In the second case the Supreme Court holds that "a street railroad for the carriage of passengers, constructed and operated in the street of a city in such a manner as not materially to interfere with the common use of the street by the public or ordinary modes, or with the private rights of abutting landowners in the land covered by the streets, is not an additional burden upon the use thereof." "If reasonable re-

gard be had for the convenience of abutting property owners in the enjoyment of their property, the street railway has a right to place its poles along the street."

It is a matter of common knowledge, gained by observation of constructed lines, that a pole line for a telephone service is not as great a burden upon a public right-of-way as a pole line for a street car service. Justification for these two decisions cannot be found in the burden placed upon a public right-of-way considered purely as a physical fact. The discrimination between the two classes of service appears to be founded upon a theory that streets were not originally designed for the carriage of intelligence by means of wire transmission, but that they were originally designed for the carriage of persons by means of vehicles; therefore, the transmission of intelligence by wire is a new use for which the abutting property owner is entitled to compensation, while the carriage of persons in street cars is not a new use, and therefore the abutting property owner is not entitled to compensation by reason of its adoption.

The reasoning in the telephone case is inexact. Streets were originally designed, not only to provide a right-of-way over which persons might freely travel by such means of conveyance as they might elect, but also to provide a right-of-way over which intelligence and commodities might be freely transported by such means of conveyance as owners might elect

or the state might approve. In no way has the right of eminent domain been exercised more freely by the general government or by states than for the public purpose of opening and maintaining, free from obstruction from any cause, post roads for the transportation of intelligence. At first this meant the horse back rider and the stage coach carrying mails. Later it meant steam railroads, then came the telegraph, to be followed by the telephone. The means of transportation has changed, but the character of the thing transported has not been changed. The means of carrying persons has been changed, but the persons carried have not changed. Regarded as a physical fact, street cars relieve the burden upon a street because the conveyance of the same number of persons as are carried in street cars by the means in use before their introduction would be a greater burden upon the street than exists when they are carried by street cars. This is also true in regard to the transmission of intelligence by wire. If every message so sent were sent by an individual messenger, as they are sent by the wire in individual dispatches, by any means of conveyance the messengers could take, the burden upon the street on account of the service would be much greater than it is by wire. Analyzing the subject in this way, we conclude that the reasoning in the telephone case is inexact, both as to the telephone service being a new use of public rights-of-way, or an additional burden upon them.



We are aware that the terms "use" and "burden" may have a meaning in legal fiction that they do not possess as physical facts. We are also aware that courts must render decisions according to law. We very much doubt, however, the soundness of the decision that upholds the constitutionality of a law that discriminates against a public service without a foundation for such a discrimination in a fact or in the requirements of the principles of justice.

These two cases bring to view a vital defect in the course taken by municipal and state governments in granting the right to establish constructions of any kind upon, over or under public rights-of-way for the purpose of rendering any public service. The right of eminent domain resides in the state by virtue of its sovereign power. It is inseparable from sovereignty. When the state grants the right to place a construction on, over or under a public right-of-way for the purpose of rendering a public service, or whenever such a grant is made by a municipality, township or county to which the state has delegated the right to make such a grant, the government making the grant should assume all responsibility for opening and maintaining free from obstruction of any kind, for the purposes of the service to be rendered, the public right-of-way. The responsibility and the duty of the corporation erecting and operating the construction should be limited to complying with the specifications contained in the grant of the

right to construct and operate. If abutting property owners feel aggrieved on account of the construction, their claim should be against the government that granted the right to erect the construction, not against the corporation that exercises the right. When this requirement is recognized by law the spectacle of some obstinate property owner blocking the construction of an improvement serviceable to all the people, as these public services always are, will no longer be witnessed. The burden of securing consent from abutting property owners to exercise a right granted by a municipality or a state, blackmailing exactions for mythical damages, and demands for the rare cases of real damage will cease to fall upon corporations. This will reduce the cost of construction and will open the way for lower prices for all services rendered by making a special use of public rights-of-way. In this way the public welfare will be correctly served. It cannot be served by sustaining the right of abutting property owners to demand compensation for every or any form of construction passing their property for the purpose of rendering a service to the whole community.

A general law should be enacted by the state declaring that all grants of right-of-way for any construction to be used for the purpose of rendering a public service, made by municipalities, townships, counties and the state, shall be made free of encumbrance from claims by abutting property owners of

every kind and nature; and that all claims for damages by reason of any such construction, or of its operation, shall fall upon the government granting the right and not upon the corporation exercising the right granted. Such a law will recognize the rights of all of the people as against the rights of a few. It will facilitate the construction of lines of service following the most direct routes. It will reduce investments on account of, and, therefore, the price of the service. It will recognize the right of the state to control all public rights-of-way and to cause them to serve all of the people in the best possible manner. Every facility that can be added to those originally known when the right-of-way was dedicated to the public, will be welcomed as a step in advance broadening the sphere of usefulness and tending to develop social, industrial and commercial well-being and prosperity.

It is the exclusive right and duty of the state to assume the responsibility of dealing with property owners on the one hand, and with corporations on the other hand. The true function of the state is properly performed only when it regulates the constructions and operations of public service utilities so as to secure for the benefit of all of the people every advantage that can be obtained, new and old, on terms designed to make them of the greatest service to the largest number. This is the spirit of democracy. It is correct economic and sound public policy.

## A SOUND ACTION.

The Taxpayers' Association of Cincinnati is to be congratulated upon its attitude toward the lessees of the Southern road. A new lease of the Southern road is pending. A committee of the Taxpayers' Association, having the terms of the lease under consideration, approved the lease with the exception of a provision that the lessees should pay 10 per cent of the gross earnings in excess of \$4,500,000 per annum. They recommended that this be stricken out. They give the following reasons:

"Because we believe it to be essential to the commercial interests of our city that all possible inducements should be given the lessee company to further develop and increase the business of the road.

"For this reason we believe it would be unwise to name such terms and conditions as would partly deprive it of the fruits caused mainly by the lessee company improving the property.

"We further believe that \$1,200,000 annual rental, well secured, would be a reasonable consideration for this property."

This action is in marked contrast with the unwise demand for more compensation from public service corporations, which is heard in almost every city in the country. The greatest public benefits that can be obtained from the operation of public service industries, small or great, must come through improved

facilities and lower charges for service. Compensation can be paid, but it can never be paid without injury to the people who use the service. Improvements must be neglected or charges must be held up sufficiently to create the revenue out of which compensation payments must be made.

### A NEW WAY IN WHICH TO SETTLE THE PUBLIC SERVICE FRANCHISE QUESTION.

While thoroughly saturated with Mr. Marcus Lane's conceptions of the wrongs the people have suffered at the hands of public service corporations, Mr. Lane affirms his desire to be entirely just to invested interests and gives evidence of this desire in the proposals he makes. For this reason, as well as many others, his proposals should be carefully studied by corporation managers, those who have investments in public service corporation property, and honest, intelligent, thinking people who want only to have the right thing done in the wisest possible way. If this study of the subject does nothing more than direct discussion on the lines of determining what is fair to the corporations and what is fair to the people, it will result in a great good.

Mr. Lane recognizes the fact that much of the existing discontent results from conditions created by unwise legislation. To change these conditions he advocates new legislation of the character he defines.

One point made by him is undoubtedly sound. It is this: The remedy must be by general state and national laws, not by special legislation, making a crazy quilt of statute books in a vain endeavor to deal with each specific case as it may arise. We do not agree with him, however, in making a remedial general law mandatory. It should be entirely permissive. That "iron wall of court decisions against the people and in favor of the corporations" behind which they are now sheltering themselves can be rendered entirely useless or harmless by creating new conditions which will draw the corporations from behind the wall to occupy a new position in the open. This can be done by the enactment of the law which the Ohio Legislature had under consideration during its last session to permit municipalities and corporations to contract with each other on the terms therein specified. A study of the provisions contained in that measure, in comparison with the proposal made by Mr. Lane, will be the best use any corporation manager or investor can make of the time necessary to do it thoroughly.

The objective point of both remedies for evils complained of in the existing conditions under which public industrial services are rendered—the Ohio measure and Mr. Lane's proposals—is to secure the best service for the least pay for public and private users. To do this Mr. Lane would have the municipality become a partner in the business of every corporation. He would have the business managed honestly, and

a reasonable profit made on an actual investment. To accomplish this end he calls for a compulsory sale of the property, the power to place the management of the business in the hands of receivers if certain conditions are found, and he says they will be found in nearly every case. To liquidate the excess of corporation stock and bonds that may be outstanding over the valuation of the plant, he provides for the use of all net earnings unless these earnings are large enough to effect the liquidation completely before the expiration of the franchise, in which case shareholders may receive a dividend of not more than six per cent per annum. Under this ruling a majority of shareholders will go without dividends a long time.

No better public service can be rendered by any person than to analyze every provision in the Ohio measure and in Mr. Lane's proposals and show wherein one may be better than the other or draw a provision on any of the main points that will be better than either. We hope many persons will take up the discussion in this spirit and for this purpose.

## HOW PARIS IS TO ACQUIRE ITS UNDERGROUND RAILROADS.

An underground system of transportation is in process of construction in the city of Paris. The tunnels and viaducts are being constructed for the account of the city at an estimated expense of \$33,000,000. This construction carries the work up to the point of making a roadbed ready for the tracks. The city has leased this roadbed to an operating company for a period of thirty-five years, but it has reserved the right to purchase the interest of the leasing company at any time after it has been in operation seven years. The price of the purchase is to be determined on the basis of the net revenue of the company during the preceding seven years. It is provided that from the net income of the seven years the net income of the two most unfavorable years shall be deducted and the average for the remaining five years shall constitute the amount of the annuity which shall be due and payable to the leasing company for each of the years still to run until the expiration of its lease. In no case, however, is this annuity to fall below the net income of the last year preceding the time of the purchase. In case of compulsory purchase the city shall take over the rolling stock at a price fixed upon by arbitration.

The roadbed covers forty miles. At least one hundred and thirty-five trains are to be operated daily.



The fares between any two stations are to be: First class, five cents; second class, one way, three cents, round trip, four cents; school children, conducted by a teacher, one cent. The city contracts a loan of \$33,000,000, to be repaid in seventy-five years, the interest and sinking fund requirement being 3 per cent per annum. To provide this payment the city lays a tax of one cent on each second-class ticket, excepting the school tickets, and two cents on each first-class ticket. Under this arrangement the operating company receives three cents for each first-class ticket; two cents for each second-class ticket and the entire income from school tickets. These fares are based on an estimated traffic of 110,000,000 passengers per year. When the number exceeds 140,000,000 per year the city will be entitled to an additional one-fifth of a mill for each additional 10,000,000 passengers until 190,000,000 has been attained, at which point the share of the city becomes stationary. It is expected that the entire loan will be repaid out of the income derived by the city from the operation of the road under this contract.

At the end of thirty-five years the city will come into possession of the permanent structures owned by the leasing company in connection with the equipment and operation of the road, free of charge.

## PROF. SPIERS ON STREET RAILWAY REGULATION.

We wish at this time to call attention to one point in Prof. Spiers' address on the "Regulation of Street Railways." In showing results of "unlimited franchises" the professor makes his statement in a way to lead the uncritical reader to the conclusion that the public have had the worst end of the bargain. Assuming all he says as to what corporations have received, or are receiving, to be true, is it not necessary that an equally clear statement be made showing what the public has received before any correct conclusion can be reached as to whether or not the public have the worst end of the bargain? Take the city of Philadelphia, to which reference has been made, as an illustration. What is the public gain from street railroad investments? Is not the service in that city to-day, the length, comfort and speed of the ride, increased over what it was twenty years ago, by a per cent fully as great as that of the earnings on the investment? Are not the streets of Philadelphia, which have been rebuilt and paved with asphalt from curb to curb, at the expense of the street railroad company, as many per cents better than were those streets twenty years ago, as the reported earnings on street railway investments? The city did not have the means of improving these streets and exacted their improvement by the street railroad company as a part of the consideration paid

for the "unlimited franchise." Take the valuation of all the real estate within the zone of influence of the street railway service, as it is rated to-day, either for taxable valuation or for private sale, deduct therefrom the value of the same property twenty years ago, and assign to the credit of the street railway service that portion of the increase justly due to the service, the improvements in the service and the improvement of the streets, and see if others than holders of street railway securities have not profited liberally from the results of street railway enterprise. When these elements are all properly valued and taken into the account, we think the people of Philadelphia, who are proud of their street railway service, would vote to keep what they have and let the railroad company do the same.

#### THE PUBLIC AND STREET RAILROADS.

The people of the county, and of Chicago in particular, have not forgotten the excitement that prevailed during the winter of 1898-99, over the street railroad question. We studied that episode closely. We found volumes of denunciation for every sentence of constructive work. Those who spoke for the people loudly proclaimed the evils of which they complained, but they either did not know, or they would not tell, how those evils could best be overcome.

After a period of rest, this street railroad question and questions relating to other public service utilities

are again demanding settlement. Mr. George E. Hooker, an editorial writer for the Chicago Tribune, gave the results of his studies of this subject to the National Municipal League at Milwaukee, September 21, 1900, in a paper under the title of "Public Policy Concerning Rapid Transit." We wish that every street car user would read this paper and then our own discussion of the subject under the title of "How Should the Franchise Question be Settled," which we prepared for the League of Illinois Municipalities at its initial meeting at Peoria, March 1, 1899.

We believe we have found a correct solution for all franchise questions and have clearly outlined it in this paper. Like all general statements, this statement will require modification for practical application in the several states, or to an existing condition, but the principles involved, if correct, will admit of no change.

We attempted to bring the proposals made in this paper into practical use through a bill prepared for the Ohio Legislature in 1900, to permit municipalities and corporations to contract with each other on terms therein specified. This bill is published in full in our pamphlet, "Constitutional Municipal Government," and the Peoria discussion on which it is based is contained in full in "Municipal Public Service Industries."

We appeal to everyone whose interests are touched by these questions, the users and the suppliers of pub-

lic services, and especially those whose duty it is to legislate regarding them, to study closely what we have formulated for their solution. We only repeat what we have stated many times when we say that we will publicly thank anyone who will suggest any amendment to this measure that will make it a sounder economic proposition. The general welfare cannot be permanently served by an unsound measure. When viewed from the standpoint of practical benefits there can be no antagonism between the interests of the people and of operating corporations. Every honest and intelligent person will agree that so long as corporate capital and management are employed for the rendering of a public service the corporation is entitled to a reasonable profit. This is all corporations really want.

#### AVERAGE PAY OF RAILWAY MEN IN ENGLAND.

Discontent is cured by the discovery that one is better off than others who are performing the same labor. The following statements are taken from the official returns of the English Board of Trade giving the rates of pay received by all workmen employed by the English railroads, from passenger porters to managers. The average pay of all wage-earners is \$6.16 per week. Out of 250,000 employes, less than 10,000 receive over \$10 per week. Nearly one-half of the whole number receive less than \$5 per week.

The average wage for engine drivers is less than

sixteen cents and for firemen less than nine cents per hour. If an engine driver earns \$12.50 in a week he is regarded as having received high wages.

American railway men should compare these figures with the rates of wages they are receiving. They should ask themselves what better guarantee they can have that they will continue to receive the comparatively high rate of wages they are now enjoying, than they can assist in establishing by making it certain that the economic policies under which they are prospering shall be maintained.

The most honorable and practical testimony to the genius, ability and fair dealing of American railroad managers is found in the facts following:

1. They pay the highest wages in the world.
2. They charge the lowest freight rates in the world.
3. They are now charging the lowest freight rates they have received at any time in twenty years.

### RAILROAD WAGES AND RATES.

The statistician of the Interstate Commerce Commission, Prof. Henry C. Adams, in his report for 1899, shows, in comparison with 1890, the total number of employes had been increased by 179,623. Of the total income employes received for wages \$522,967,896, and the owners of stock and the funded debt received as dividends and interest \$326,167,909. As wages, dividends and interest can only be paid out of earnings, it is clear that the interest of wage-earners

in securing business on which freight and passenger rates are paid, and in maintaining these rates, is as 1 44-100 to 1 in comparison with the interest of stock and bond holders. This shows that the largest single interest in income of the railroads of the United States is that of the wage-earner.

The total amount paid to employes in 1899 was \$77,459,635 greater than in 1895, while the total amount paid to stockholders in 1899 was only \$25,722,276 greater than in 1895; therefore, of the increased expenditures on these two accounts, employes received three dollars for every dollar received by stockholders. A condition of general prosperity, induced by the stability of a sound public policy, brings benefits to the whole community, but to wage-earners most of all. This illustration shows the interest wage-earners have in informing themselves regarding the principles of a sound public policy and then standing firmly for their support.

## PROTESTS AGAINST TAX ASSESSMENT.

No state has a satisfactory system of taxation. There will never be a system which the dishonest will not attempt to evade. Notwithstanding the universal complaint against tax-dodgers, we believe fully 90 per cent of American property owners are honest and will pay the taxes assessed upon their property without complaint when they are satisfied that they are justly assessed for necessary public purposes and their

funds are honestly and providently expended. This being true, there should be sufficient honesty and intelligence to secure the enactment of laws so regulating the exercise of the power of taxation as to render it just.

If there is a locality anywhere in this country that enjoys the benefits of a satisfactory system of taxation we hope some of the fortunate inhabitants thereof will report it in complete detail for the information of the world. Our exchanges bring us nothing but reports of protests against tax assessments.

In New York City hundreds of writs of certiorari have been obtained from the Supreme Court this year by individuals and corporations to review the assessments that have been made against personal property and real estate by the tax commissioners of the city and by the state board. In some cases double taxation is alleged.

In Cincinnati the people are congratulated upon the high character and fitness for the work to be done by the members of the city Decennial Board of Equalization, appointed by the city auditor, Mr. Millikin. In Toledo an exactly reverse condition exists regarding the members of the Decennial Board of that city, appointed by the city council.

From Cleveland and its suburbs vigorous protests come against the work of appraisers. In some places where it is reported that suburban land cannot be bought for less than \$2,000 per acre, the highest tax



value is \$750 and the lowest \$150. In another part of the same township, where the land is owned by market gardeners, dependent upon income derived from the cultivation of the land, valuations fluctuate between \$300 and \$1,200 per acre. These owners declare that the increase in valuation will eat up all their profits. They are forming an organization to secure a reduction of values.

Cases like these exist by the thousands. The cause of these conditions is easy to find. We wish property owners to answer the following questions:

Do you understand the subject of taxation sufficiently to have a clear idea as to what changes in the law are necessary to render the system under which you are taxed just?

If you do not, how much thought do you give to the subject with the view to secure just laws, instead of to secure a reduction of valuation or to evade an assessment?

How do you expect to influence the enactment of just taxation laws if you know next to nothing about the subject?

## A TAX COMMISSION ORGANIZED FOR EFFICIENCY.

Tax commissions have had their day in many states and many times in some states, and yet no state is particularly well satisfied with its taxation system. One reason for this is the temporary character and the inadequate provision generally given to these bodies. Called to do a work of high value, requiring close study, tedious investigations, the rarest kind of ability to grasp a multitude of details, and to organize harmony out of numberless conflicting interests, tax commissions require ample time in which to perform their work, and ample payment for their time, so they can afford to devote themselves to the work to be done. So far as we are advised, the state of Wisconsin is entitled to first prize for having recognized these requirements in the enactment of a law creating and providing for a tax commission. The state and the country should, and undoubtedly will, profit greatly from the work of this commission. It will receive generous aid from all students of the subject upon whom it may call and will repay them in kind by giving in return the results of its investigations and conclusions.

THE POWER OF TAXATION VS. THE RIGHT  
TO OWN PROPERTY.

The proposal to authorize municipal ownership and operation of all public service utilities without specific provisions prohibiting the mortgaging of taxpayers' property for such purposes and the levying of taxes to make good deficits is a direct attack upon the right to own private property. This statement has been challenged. We affirm that it is absolutely correct.

The right to own property is safeguarded by the fundamental principle that every person shall be able legally to hold whatever he may legally acquire, and that private property shall not be taken for a public use without just compensation. If a public policy is entered upon under which this principle is violated, no matter for what purpose, then the right to own private property has been attacked and placed in jeopardy. If one step can be legally taken in this direction two steps may be taken, and others, until the ownership of private property ceases to exist.

We will illustrate this fact. The ownership and operation of one utility is invariably given as a reason why other utilities should be so owned. The ownership of waterworks being conceded, the ownership of lighting works is demanded. When these are acquired, street railroads and telephones are advocated. This is history in Detroit. The ownership and operation of any of these utilities immediately raises the

question of their maintenance. Shall the services rendered be charged for, and if so, at what rates? We say the law should safeguard the right to own property by prohibiting the sale of service at less than its full and entire cost. The Municipal Code Commission of Ohio said, in the bill it prepared for enactment, that deficits should be paid by a tax levy. Some say the service should be free and its entire cost should be paid by a tax levy. If anyone doubts that this is an attack upon the right to own property let him calculate what per cent of his property would be taken from him every year by the power of taxation if the municipality in which he owns property owned and operated the waterworks, gasworks, electric lighting works, street railroads and telephone systems, rendered all service free, and covered the entire costs of ownership and operation by a tax levy. No property owner can resist the collection of a tax legally levied. If a service of one utility can be rendered partly free by being sold at less than its true and entire cost, it may be rendered entirely free. If one service may be so rendered all services may be. If the first attack upon the right to own property is not successfully resisted other attacks will be successfully made. If one per cent of the value of property may be legally confiscated to pay for services rendered to private users at less than cost, additional per cents may be so taken. Does not every per cent so taken, to that extent, destroy the right to own property and weaken the tenure by which the balance of the property is held?

## A FREE WATER EXAMPLE.

We copy the following item from Municipal Ownership for June, 1900:

"At Santa Rosa, Cal., water is furnished to the people by the municipal plant free of charge. The operating expenses and fixed charges of the plant are covered by a general tax levy of  $26\frac{1}{2}$  cents on the \$100 of valuation."

Is not this a direct attack upon the right to own property? What compensation does a property owner receive for the  $26\frac{1}{2}$  cents taken out of every \$100 of the valuation of his property? If this portion of private property can be legally confiscated to pay for a water service rendered to a private user, without charge, may not other portions be confiscated to pay for other services so rendered?

The courts must render decisions according to the law. Constitutions are changed and laws are enacted in accordance with the expressed will of a majority of the people. The only defense for the right to own private property is in a correctly educated sense of justice on the part of all the people.

## PROFITING BY EXPERIENCE.

Some twelve or fifteen years ago the people of California were very much wrought up by the mortgage taxation question. The problem was studied thoroughly and a system was devised which was designed and for some years was supposed to compel the money lender to pay the tax. This is one of the cases, familiar to careful students of economic problems, where an attempt was made to befriend the debtor by attacking the creditor. But it did not work as expected. When sufficient experience had been gained to admit of a statistical study of the effects of the law, it was found in actual transactions the borrower not only paid the tax, but paid more for the use of money on account of the intrusion of the tax law requirements than he would have paid under normal conditions. Experience caused a reaction in public opinion and a call for the rescinding of this legislative interference with the freedom of contracts between debtor and creditor. At the recent election an amendment to the constitution was submitted to a vote of the people, exempting public bonds from taxation. "California Municipalities," for October, says, very correctly: "We gain nothing now by this form of taxation and the exemption of bonds will reduce interest." At this writing we do not know the result of the vote on the amendment.

## ACQUIRING PUBLIC PROPERTY WITHOUT MORTGAGING TAXPAYERS' PROPERTY.

We ask attention to articles in this issue under the titles of "A Plan for Acquiring Public Service Utilities Without Mortgaging Taxpayers' Property," by Bird S. Coler, controller of New York; and "New York's Dock," editorial, Chicago Tribune, being a review of Mr. Coler's article.

The suggestion that municipal bonds, issued for the purpose of acquiring public service utilities, should be exempted from statements of municipal indebtedness, made to determine the debt incurring capacity of a municipality, first came from advocates of the municipal ownership of such utilities. They were driven to this position because most municipal governments found other ways in which to bring the municipal debts up to the limit. This created a serious obstacle to carrying out plans for the municipal ownership and operation of waterworks, gas works, electric lighting plants and street railroads. This obstacle, it was supposed, could be overcome in but one of two ways.

First, by securing changes in the constitutional provisions or statutes by which the debt limit was fixed. This it was seen would be a slow and difficult process, and of doubtful success, because such provisions are designed for the protection of tax-

payers, and it is fair to assume taxpayers would resist any changes in them that would tend to weaken their security.

Second, by securing legislation which would exempt bonds issued for the purpose of acquiring revenue producing properties from statements of indebtedness made to determine the municipal debt limit. This proposal was first formally put forward by the "Committee on Municipal Program" of the National Municipal League, in a report made at the annual meeting of the League, Indianapolis, November, 1898. It was repeated by this committee in a modified form in its revised report, which was adopted by the League at its annual meeting, Columbus, Ohio, November, 1899. It was incorporated in the bill drafted by the Ohio Municipal Code Commission, which failed of enactment by the Ohio Legislature of 1900.

When this proposition was made by the committee of the National Municipal League, we at once took issue with the way in which the purpose was to be accomplished, and published our reasons in a pamphlet under the title of "Powers of Municipalities," which was issued within a week after the adjournment of the Indianapolis meeting. We have since pressed our objections to the plan, as presented, upon the attention of taxpayers and business men at every favoring opportunity, and on every occasion have pointed out a way in which the object sought can be attained without jeopardizing the security now given to tax-



payers by law. Our suggestions are contained in a bill that was before the Ohio Legislature at its last session (1900).

Our objections to the measure as proposed by the committee of the National Municipal League and embodied in the bill drafted by the Ohio Municipal Commission were and are:

1st. The bonds to be authorized were to be municipal bonds, being, in effect, a mortgage on taxpayers' property.

2d. Authority to issue a class of bonds for the purpose of acquiring "revenue producing property," and to exclude the issues of such bonds from statements of indebtedness made to determine the municipal debt limit, would be unlimited authority to incur indebtedness.

3d. That such authority, unregulated by requirements that would make it certain that taxpayers could not be called upon, under any circumstances, to pay any part of the principal and interest of such debt, in so far as it was in excess of the constitutional or statutory limit of indebtedness, would be an evasion of constitutional or statutory provisions enacted for the protection of taxpayers.

Our suggestions to overcome these objections were and are:

1st. That all municipal bonds issued for the purpose of acquiring "revenue producing property," expected to be self-sustaining, and for that reason not

to become a charge on taxpayers, should be secured only by a mortgage upon the municipal franchise giving the right to operate the property; the property acquired and the revenues derived from it. Such a mortgage would of course be subject to foreclosure for default in payment, as mortgages given by private corporations are, and without recourse on taxpayers. We are glad to see that Mr. Coler has adopted this suggestion. In his article referred to above he says: "These mortgages would be made by this commission acting as trustee, with recourse only on the property pledged."

2d. To make this security as attractive to investors as regularly issued municipal bonds, we suggested that all municipal accounts should be kept by a uniform system to be prescribed and audited by authority of the state; that all accounts for "revenue producing property" should be kept as individual accounts, each such property having its own account; and that the system should be devised correctly to show the true and entire costs of ownership and operation, and that the municipality should be prohibited from selling a service rendered by the municipal ownership and operation of such a utility for less than its cost so ascertained plus a provision sufficient to pay fully at maturity the bonds issued on the security of the property. These suggestions were also embodied in bills that were before the Ohio Legislature at its last session. These suggestions will

not only preserve unimpaired all the security taxpayers now enjoy against unwise or excessive municipal indebtedness, they will increase that security in ways which hardly call for explanation in this article. For this reason taxpayers may be depended upon to ask for, instead of to resist legislation on these lines when they thoroughly understand the propositions. No argument should be required to demonstrate that a property financed in this way is not a debt of taxpayers, and cannot become a charge upon them, and that if a municipality, by owning and operating water-works, gas works, electric lighting works, telephone systems, etc., cannot make them self-sustaining and protect them from foreclosure, it has no right to be in the business. Bonds issued under these conditions may be properly excluded from the statements of municipal indebtedness, as, quoting Mr. Coler again: "By the terms of such a transaction the city would not legally become indebted at all."

We must here explain that the above quotation does not contemplate a transaction exactly on the lines we have laid down. In the proposal made by Mr. Coler in the article under consideration, he uses the device of a "commission" to intervene between taxpayers and bondholders. We will discuss this device in our next issue.

Such articles as Mr. Coler's and the editorial of the Chicago Tribune based upon it show the widespread interest being taken in these subjects by

strong, clear, capable thinkers. We hope to see this interest spread to all citizens and business men. These questions are of vital importance to municipal well-being.

### BORROWERS PAY THE TAX.

An old proverb says: "A man is a fool who cannot learn from experience." Presumably this refers to his own experience. It is about as true if applied to the experience of others. Progress can never be made by those who insist upon making the same mistakes others have made before they can be satisfied that the natural laws of finance operate the same way under the same conditions every time. These laws give no heed to "the will of the people," whether expressed in state constitutions or statutory laws. They require, they do not yield, obedience as the only condition upon which they will be helpful to the people.

If any one proposition in taxation problems has been demonstrated by the repeated, long-continued and painful experiences of different peoples, beyond a reasonable doubt, it is the proposition that the taxation of mortgages always compels borrowers to pay more for their money than interest plus the tax. Such laws always have, and always will result in causing borrowers not only to pay the tax, but to pay an additional penalty in a higher rate of interest for having enacted the law. Borrowers, ill advised, because they are unacquainted with the facts of history, or are led by those who seek

prestige by pretending to hit the money power hard, enact these mortgage tax laws, pay for their experience an enormous price, and then repeal them when they have sufficient wisdom to know what is hurting them, and why. Missouri has just sought admission to the school of experience. Which state will be next?

### PERSONAL LIBERTY INVADED BY TAX- ATION.

Jail commitments for delinquent taxpayers will not be wished by advocates of the sacredness of personal liberty. Some there are who falsely think a public policy that increases taxation for an unnecessary purpose is not an attack upon the right to own property. They will be greatly surprised to find it an attack upon the right to personal liberty also.

In our issue of July 7, 1900, we published an article on "An Insolvent Utopia" (Boston). A careful study of that article will inform readers regarding some unnecessary purposes for which taxes are being assessed. These unnecessary purposes have made it imperative upon the new mayor, who has inherited this legacy from his socialistic predecessor, to increase taxation and to collect the taxes assessed. According to a dispatch from Boston, published in the Chicago Tribune, under date of July 26, 1900, this is being done with all the energy of an official who believes in doing his duty under the law, as the surest way to secure corrections of the law. The dispatch follows:

## JAIL FOR BOSTON TAXPAYERS.

"City Collector Courtney Guild, acting under orders of Mayor Hart, is taking measures to make delinquent taxpayers settle. Pay up or go to jail is the order of the day. One man, who is now a resident of Chelsea, slept in Charles street jail last night because he owed the city about \$30. He settled the bill to-day and is now at liberty.

"The Hart regime not only wants higher taxes, but all the unpaid taxes too. Another Chelsea man was arrested yesterday because he owed the city of Boston tax money, and he escaped jail by depositing his gold watch with the constable as security for \$19, which was the amount he owed.

"The city collector has had 125 warrants issued for delinquent taxpayers in the Eighth Ward alone. They will be served and the men locked up if settlement is not made quickly.

Will any taxpayer believe, in the light of this evidence, that unnecessary taxation is not an attack upon his personal liberty?

Does not this show that the confiscation of private property for socialistic purposes is a direct road to slavery?

Boston's debt and tax rate has been increased enormously in an attempt to make Boston a social paradise. The above dispatch shows the success attained.

## STATE AND NATIONAL INHERITANCE TAX.

The proposition that the same subject of taxation should not be taxed by two taxing authorities is plainly violated by the state and national taxation of inheritances. The way this affects the inheritance is shown by the tax recently collected from the estate of C. P. Huntington. The tax for the account of the state of New York is \$200,000. The tax for the account of the United States is an equal amount. This makes the rate of taxation double the amount either taxing authority has considered equitable.

In Great Britain the inheritance tax is laid by the general government, to the exclusion of any other taxing authority. The income of Great Britain from this source last year was nearly \$70,000,000. The tax rate is much higher than the state or national rate in this country. Sixty-five thousand three hundred and forty-four persons bequeathed, in England during the year, estates having a total valuation of \$1,460,000,000. Twelve different estates paid an inheritance tax that amounted to nearly \$1,000,000 each.

Of course, to separate the subjects of taxation so that the states shall have the exclusive right to tax certain subjects and the national government the exclusive right to tax other objects requires the relinquishment by each of a tax it may be now receiving. What is lost by relinquishing one tax may be gained by having the entire income from another tax.

The principle that should govern such an adjustment is stated in the proposition that the subjects of taxation assigned to the exclusive jurisdiction of a taxing authority should be those subjects with which the taxing authority is in position to deal with most intelligently and with authority. An application of this principle will assign to the states the exclusive right to tax inheritances, because the transmission of property by inheritance is confirmed by state courts and the settlement of bequeathed estates is made in state courts in conformity with the laws of the state. This places the state in position to deal with the taxation of inheritances intelligently and with authority. In consideration of the relinquishment of its right to tax inheritances to the states, the states must relinquish to the national government their right to tax some other subject. Clearly the subject so assigned to the national government should be one with which it is in position to deal intelligently and with authority. Such subjects are found in the national banks, the transportation companies, telegraph and telephone companies, and corporations generally doing an interstate business. An adjustment that will assign to the national government the exclusive right to tax these subjects, and, in exchange, assign to the states the exclusive right to tax other subjects from which the national government is now deriving an income under internal revenue laws, will effect great advantages for state and national governments, for the subjects of the taxation and for the general welfare.



The power of taxation is the logical basis of the power of regulation. The national banks are regulated exclusively by the national government. It is conceded by all intelligent observers that a more perfect regulation of transportation, telegraph, telephone and all corporations doing an interstate business is of vital importance to the general welfare. It is clear that the regulation required can only be effected by acts of the national government. By assigning the exclusive right to tax these corporations to the national government a vital step will be taken in the direction of placing the government in position to regulate interstate commerce for the good of the general welfare. If this proposal is unsound in any detail we shall be glad to have those who believe it to be so point out its errors and suggest a better way in which the object sought may be gained.

#### TAXATION OF PUBLIC SERVICE CORPORATIONS.

Hon. George G. Tennant, attorney, of Jersey City, N. J., and a member of the New Jersey Legislature, has paid us the compliment of asking to publish our views on the subject of the taxation of public service corporations. Being aware that this subject will receive attention in many legislatures, we willingly comply with this request. In doing so we will affirm our opinion in concrete propositions. This will give opportunity to those who disagree with us to show wherein

our propositions are not just and right. The reader will please keep the fact in mind that all of these propositions are intended to be applied to the taxation of public service corporations.

1. Land should be taxed at the value of its surface measurement, exclusive of the value of any improvement that may be upon it. This tax should be levied and collected by the taxation district in which the land is located, and should be for the benefit of that district only.

2. A tax based upon a percentage of the gross income of all business done within a state should be assessed and collected by the state for its exclusive benefit.

3. When a corporation is engaged in interstate commerce the taxation of gross income should be assessed and collected by the national government for its exclusive benefit.

It will be observed that this system of taxation lays no tax upon improvements, personal property or securities of any kind, and that it gives the entire land tax to the taxing district in which it is located. Where taxing districts overlap each other, as counties overlapping townships, villages and cities, the taxing authority nearest to the people should levy and collect the tax. The income of the overlapping taxing district should be derived from a percentage tax levied by it upon the gross incomes of the minor taxing districts within its jurisdiction.

The state, by taking exclusive jurisdiction over the taxation of the gross income from business done within the state, compensates itself for relinquishing its share of land taxes for the benefit of taxing districts nearest to the people. This removes all necessity for an equalization of land values and taxation between the townships, villages, cities and counties, or other taxing districts.

The power to tax gross incomes should reside in the government that is equipped with the authority to require an accounting that will truly disclose the full amount of the income to be taxed. In the case of corporations doing business only within a state, the state is the logical taxing authority, and when the business is interstate it is the national government. By giving the income from this tax exclusively to the state or nation, the expensive and unsatisfactory system of apportioning the proceeds of the tax among minor divisions is avoided. Corporations will have but one bill to settle, other than their land tax. Knowing the rate, they can check for the amount of the tax and be free from further expense.

A sound public policy requires that taxation of gross income shall have a fixed relation to the prices charged to users for public services. If these prices are sufficiently low, so that they yield only a reasonable profit on a bona fide investment, there should be no taxation of gross income. On the other hand, if it is uncertain whether or not the net income is more than sufficient

to pay such a profit, the taxation of gross income should be sufficient to reduce the net income to a reasonable profit. Used in this way, the gross income tax will become a regulator of prices for services, and the means of causing advantages from unearned increments to revert to the general welfare, while preserving to the corporation a net income sufficient to pay a reasonable profit. Under this system the people will derive the greatest possible advantage from the services rendered by corporations.

#### A LESSON FROM SAN FRANCISCO.

The retrospective view of "San Francisco Follies," given by Mr. Symmes in the Merchants' Association Review of that city, may be studied with profit by the people of other cities and some states. Men with brains and men with money cannot be attracted to or retained in any city by antagonism. It is an error to suppose such men demand more than can be justly conceded to them as conditions under which they will establish and maintain great enterprises. As a rule, their own demand is that they shall be treated fairly and shall not be subjected to a process of petty nagging by every petty reformer or politician who seeks prestige with the gallery gods by posing as a great corporation fighter.

Take the question of taxation to illustrate the point: We know it is the declaration of all large corporations that they willingly pay their just share of the pub-

lic expense, but they want the bill made out and the amount collected in the simplest and most direct manner possible, and when the bill has been paid they want that to be the end of the whole matter. Is there anything unreasonable in this? But this is not the way in which corporations are dealt with by political authorities. Every time it becomes necessary for them to have dealings with city, township, county or state authorities, the occasion is seized by some corporation fighter to stir up antagonism against them, to levy some additional public tribute or private blackmail. Every time the administration of a city, township, county or state government finds the public finances in a bad shape, no matter from what cause, or has some grand scheme of public improvement to be carried out and give employment to their retainers, they feel sure of getting the money they need if they can find a way of talking it out of corporations. That corporations should resist such treatment, and in a measure attempt to deal with the public as the representatives of the public deal with them—that is to say, take all they can get—is as inevitable as it is natural. That the men having real power in corporations should seek retirement and relief from the strain of business management, plus the annoyances constantly forced upon them by an antagonistic community, is exactly what any thoughtful person would expect.

All this is as true of individual as of corporate en-

terprise. The prosperity of every community is never secure unless founded on justice. The principles of justice cannot be changed in their requirements by the size of the investment with which they deal, any more than the rules of arithmetic can be changed when the problem is changed from tens to millions. The law that secures the right of the poorest man in legally holding the one dollar he has legally acquired will protect the wealthy man in legally holding the million dollars he may have legally acquired. Those who declaim against granting special privileges to corporations should denounce with equal vehemence all kinds of discriminations against them. The one thing is as unjust as the other, notwithstanding the fact that the burden of the injustice rests upon different shoulders. Those who plead for justice for the people should teach the people that justice is established, not by demanding justice, but by being just. When the people offer justice there will be but little difficulty in getting corporations to accept conditions that are just. Resentment will die when antagonism ceases.

## EXTORTION IN THE NAME OF THE PEOPLE.

The greed of corporations is a familiar topic with a certain class of reformers. Their eyes are so firmly fixed upon extortions practiced by corporations that they cannot turn them in another direction to see the extortions practiced in the name of the people. They say government ownership is the only cure for corporate greed. Will they be good enough to show property owners where they will find a remedy for government extortion when their property is mortgaged for the purpose of acquiring public service utilities and the tax levies are increased to make good deficits caused by the costs of public ownership and operation? No corporation has the power to make a taxpayer suffer the penalties the government can assess upon him. This is why we insist that the public policy of the government ownership and operation of public service utilities is primarily a question for taxpayers. To give emphasis to this view we quote from the Chicago Times-Herald for July 31, 1900, a report in a tax sale case:

## RULING IN A TAX SALE CASE.

An important tax sale ruling has been rendered by Judge Gibbons in the case of Archibald Woodard, who owned twenty-three lots in Avondale, versus Jacob Glos, who four years ago bought the lots at tax sale for \$600.

Woodard sought return of the property, and the

court decided that he must pay the redemption and court costs, amounting in all to \$2,500. In his decision Judge Gibbons said:

"Every man is bound to know that the law requires all property to be assessed annually and that unless that assessment is paid it is the duty of the tax collector to advertise and sell the property. If men neglect to pay their taxes the schools must be closed and the jails must be opened for the release of the lawless, because neither the school nor the prison can be maintained without revenue. Besides, if one man or a considerable number of men neglect or refuse to pay taxes it will make the burden correspondingly heavier on those who always discharge their public duties."

Does not this case show that there is no protection for the right to own property against a lawful exercise of the power of taxation?

Is not a public policy that seeks to legalize taxation for unnecessary purposes, and to make good deficits caused by selling public industrial services at less than cost, a direct attack upon the right to own property?

Should not public mortgages on taxpayers' property for the purpose of acquiring public service utilities be prohibited?



## TAXATION PLEDGES OF THE MICHIGAN DEMOCRACY.

The Democratic party of the state of Michigan, in convention assembled, has marked out work on the subject of taxation that ought to create a ravenous demand for taxation literature in that state during the pending campaign and the session of the succeeding Legislature. We do not know where Governor Pin-gree stands politically at the present time. We think the pledges of the Democratic party on the subject of taxation must be very attractive to him. One thing is certain, the industrial interests of Michigan will have to conduct a vigorous educational campaign on taxation questions if they are to secure the establishment of a just system of taxation as the outcome of agitation of the subject which has been in process already for several years, and which now culminated in the action of the recent Democratic convention, pledging the state Democracy to secure:

“First—Prompt repeal of every charter exempting corporations from the equal burden of taxation.

“Second—A specific tax upon the great mining interests of the state, levied in accordance with the value of their unearned stores of wealth.

“Third—A tax upon existing franchises of a semi-public character commensurate with their earning power.

“Fourth—Regulation of property taxes so as to

prevent the shifting of the burden on to the shoulders of productive labor.

"Fifth—Prohibition of the granting of further franchises by municipalities, except by direct vote of the people of the territory affected.

"Sixth—Submission of a constitutional amendment to put all corporate taxes upon the same basis as to appropriation as those raised by direct levy; except that the corporate taxes now paid into the primary school fund shall be so paid.

"Seventh—Faithful, impartial use of present means to secure uniformity of local taxation."

## THE LAW CANNOT PROTECT THE RIGHT TO OWN PROPERTY AGAINST THE POWER OF TAXATION.

No property owner can legally hold what he has legally acquired against the power of taxation legally exercised. The county court of Cook County, Illinois, rendered the decision following, August 1, 1900:

"Except in the case of fraudulent assessment or evident exceeded jurisdiction by the board of assessors or the board of review, the County Court will not interfere to stay the collection of taxes."

### INCREASING ASSESSMENTS.

The state tax commission of Michigan concluded its labors in Jackson, July 26, 1900. Seventy-three corporations and individuals had their assessments

under fire during the two days' session. Of this number only nine escaped without an increase. Prominent among these increases are the following:

Jackson Gas Company, from \$35,000 to \$190,000.

Jackson Electric Light Company, from \$19,950 to \$75,000.

Jackson City Railway Company, from \$22,000 to \$75,000.

P. B. Loomis, from \$56,000 to \$146,000.

An increase was made all along the line from one-tenth to twenty fold. The total increase amounts to \$948,725. This is on personal property. Some twenty of the concerns whose assessments have been raised have retained counsel and the validity of the proceedings will be tested. The main contention will be the claim that, under the law, bona fide indebtedness may be deducted from not only taxation credits, but from the value of personal property. The commission claims to be abundantly fortified in its position that debts cannot be deducted from credits.

The above cases show some interesting possibilities of the exercise of the power of taxation. If the debt-incurring power of a municipality is fixed by law at 10 per cent of the value of all property assessed for taxation, an increase of \$1,000,000 in valuation increases the debt limit by \$100,000. The property owner is first fined by having the valuation of his property increased and then the public mortgage on his property may be increased by 10 per cent of the

increased valuation. He must pay a tax upon the increased valuation and the increased debt authorized on account of the increased valuation.

Business men will show greater sagacity by studying taxation problems for themselves and taking security against unjust taxation by the enactment of laws prohibiting taxation for unnecessary purposes; taxation to provide funds to cover unnecessary deficits and waste, than by contesting assessments. Retaining counsel is necessary under existing conditions. At the same time teachers of correct principles should be retained to change conditions in the direction of greater certainty and justice.

#### THE GOLDEN RULE OF TAXATION.

The letter by Enoch Ensley to the governor of Tennessee on "The Subject of Taxation," should be read by every taxpayer in this country. Written in 1871, as the result of independent thought, by a farmer whose interests were wholly in land, and the products secured by its cultivation, we find in it the true philosophy of taxation, stated in clear and simple language, which none who read can misunderstand. If any taxpayer wishes to know how far from correct the system of taxation of his state is, let him read this article and compare the conditions stated in it as the requirements of a correct taxation system, with the conditions enforced by the local and state governments to which he pays taxes and he will know.

When taxes are properly levied and governments are efficiently administered, taxation will not be a burden; it will be a benefit. The money invested in government, by taxes paid, ought to be as productive as the capital invested in any business. When this stage of ideal development is reached the taxation question will be settled. Mr. Lawson Purdy, in his introduction to Mr. Ensley's letter, very forcibly and correctly says: "There is no reason why different principles should be advanced to justify payments to the state from those who justify payments in business dealings between man and man. \* \* \* Each taxpayer should be called on for the full equivalent of the pecuniary benefits he receives from the state—no more, no less." When every taxpayer receives an equivalent for the tax paid, taxation is not a burden. But more than this will be accomplished by causing taxation systems to conform to the principles laid down by Mr. Ensley. The state will confer benefits of greater value than their cost. Taxpayers will receive more than an equivalent for the taxes they pay. The administration of governments should contribute to the prosperity of the people, as well as their individual industries.

## UNEARNED INCREMENTS.

Real estate owners do not always reap as rich a harvest from unearned increments as has been popularly supposed. The assessments they pay for public improvements, in addition to their portion of taxation for local and state public purposes, are usually lost sight of by those who compare the value of a piece of real estate—say twenty years ago—and now. To ascertain the value of an unearned increment, the value of the property at a given time must be taken as a basis for calculation. To this value there must be added all sums paid as special assessments, general taxes and interest upon the full original value. These sums must be added and computed annually. The difference between the amount so obtained and present value may be taken to represent the unearned increment. When the value of real estate is dealt with in this way there will be many surprises to see that unearned increment has entirely disappeared. This result may cause a different attitude on the part of many toward real estate owners when questions of public improvements are being considered.

## A CORRECT COST STATEMENT.

F. E. Saward, honorary special agent, department of mines and metallurgy of the United States commission to the Paris Exposition, published in the New York Herald for September 2, 1900, a carefully studied article on the ability of the United States to supply the world with coal. In showing the cost of coal at the mines in several countries and the cost of transportation to the larger consuming markets, he gives a compilation of the cost of operating a seven thousand ton steamer to carry coal from the United States to Gibraltar. Calculating the length of the voyage and time for unloading at fifteen days, he states the costs of operation as follows:

Insurance .....	\$ 875
Interest on cost.....	750
Depreciation .....	625
Crew .....	580
Provisions .....	168
Port charges .....	184
Pilotage .....	330
Fuel .....	2,025
Incidentals .....	100
<hr/>	
Total .....	\$5,637

We call attention to this statement because it contains all the elements of cost, rightly classing "interest on cost," the amount invested in the steamer, as a part of cost, thus separating the wages of capital—

which some erroneously class as profit—from profit. This is in exact harmony with our contention that interest on the entire investment is a part of cost and must be provided for in statements of cost before a profit can be shown. Many business failures are caused by managers not knowing how to calculate cost.

### STABILITY OF VALUE FOR CORPORATION SECURITIES.

Two factors are of prime importance in giving stability of value to corporation securities. First, the value of the property must be so maintained that it will sell at any time for the full amount of the investment made in it. This requires a fixed per cent on investment, to be charged annually as an item of cost, and the amount to be set apart as an “investment insurance account,” to be expended in betterments and minor extensions. By adhering to this policy the value of the investment may not only be maintained at par with the amount of the actual investment, but an ever-increasing earning capacity may be acquired without a corresponding increase in capitalized investment.

Second—The net earnings of any business will show fluctuations in a comparison of years due to causes which no human foresight can discount or control. To a permanent value of the property must be added certainty of income, to give stability to corporation securities. Investors must be satisfied that their prin-



capital is safe and they must know that a dividend, though small, will certainly be paid annually upon the amount they have invested. These two factors made certain will give stability of value to the securities of any corporation.

The influences that work against the conservative management indicated have two sources. But few corporation managers, especially those managing small corporations, really know how to compute the costs of the business they are managing. They deceive themselves and their stockholders by taking into account only a part of the true costs. Through an understatement of costs they overstate their profits. This leads to one of two results, either of which in the long run will bring a disaster to the business. It tends to an undue reduction of prices, induced by the pressure of competition or public demand. It also tends to an exhaustion of the resources of the corporation through the withdrawal of capital by the payment of excessive dividends. If managers and stockholders are self-deceived as to the true profits of their business, caused by an unintelligent accounting of costs, they are very likely to suffer from both causes of exhaustion, a yielding in the price secured and drawing out more money via dividends than the true conditions of the business will warrant.

When a business is managed speculatively the course above indicated will be pursued. All costs of ownership and operation, such as interest on investment, in-

insurance against accidents of all kinds and depreciation, that can be neglected, will not be included in cost statements. Profits will be shown by taking into account operating expenses only, and dividends will be paid on the basis of profits so calculated. The result of this policy will be to enable those owning the securities to get an undue income from them while holding them, and to sell out at an overvalued price when they foresee the inevitable turn in the tide coming.

Conservative management on the lines indicated would have, in the past, and will in the future, save many corporations from being wrecked.

### A SOUND PUBLIC POLICY.

#### CHARGES FOR SERVICES BASED ON COST.

##### PROFITS FORBIDDEN.

For many years we have worked unceasingly to secure the adoption as a fixed policy by municipalities and states in this country of the principle of fixing all charges for industrial public services when rendered by municipal plants, at cost, and when rendered by private corporations, at cost plus a reasonable profit. Our contention has been and is that the fixing of fiat rates for a term of years by ordinance, or by provisions in franchise grants, and the exacting of a compensation from private corporations for the use of streets, or the rights granted them, both of these

conditions being determined without any scientific or close reference to cost, is an unwise public policy. We have contended that the lowest price for the service that would cover cost in the one case, and cost plus profit in the other case, was the true compensation to be exacted from corporations in return for their use of streets and the rights granted to them. That taxpayers might be guarded against loss in the one case, and corporations might be certain of a price that would cover all costs plus their authorized profit in the other case, we have contended that the system of accounting should be prescribed and audited by the state and should be identical in both cases.

We believe, when this principle becomes the fixed policy of a state, that we shall hear of no friction between municipalities and corporations, or of demands for municipal ownership and operation in that state, as the cause of friction of such demands will be removed.

We believe private management is more efficient than public management, and as a result, when all accounts necessary to the determination of cost are kept as proposed and prices are fixed on the basis proposed, that the price under private management will be less than under public management. If we are right in this assumption, we are right in saying this system will destroy all cause of antagonism against corporations and all demand for public ownership and operation of public service utilities.

## WATER WASTE DEPARTMENT.

In this issue will be found an account of "Waste in the Water Department," city of Chicago. The ease with which money can be wasted in a thousand ways makes eternal vigilance the price of efficiency in this department of public service. If the example here given of the waste of public water departments shall lead to a more careful supervision of this service here and elsewhere, it will have served its purpose. At the present time more than half of United States municipalities own and operate waterworks. The advocates of the municipal ownership of this service have many reasons other than economic efficiency why they advocate this policy. It should be apparent to them, however, if municipalities fail to establish a record for economic efficiency that, with this advantage in their favor, private corporations can answer all other requirements, and thus turn the tide once more in the direction of private ownership and operation.

LIGHTING PLANTS DOING BUSINESS AT A  
LOSS.

The United States Department of Labor has recently issued a report of its investigation of water, gas and electric lighting plants. This report contains a table showing the income, expenses and profit or loss of 632 electric lighting companies, and divulges the surprising fact that nearly one-third of the whole

number—200—are doing business at a loss. People who are being served at less than cost of production, the deficit falling on stockholders, instead of going into the liabilities of municipalities, to be paid by taxpayers, are not, or would not be, if they knew the fact, eager to take over the lighting business for public account. The showing made by this report gives a sharp point to a letter we received from a corporation manager, saying: "Do not send anything more to this town against municipal ownership until we have sold our plant to the town, which we are trying to do."

#### AN ADVANTAGE FOR MUNICIPAL OWNERSHIP.

From the official report of the proceedings of the common council of the city of Detroit, November 13, 1900, we learn of a procedure which illustrates an advantage for municipal over private ownership and operation of electric lighting plants, that advocates of municipal ownership have failed to press on public attention. The committee on "ways and means" reported:

"To the Honorable, the Common Council:

"Gentlemen:—Your committee on ways and means, to whom was referred the report of the public building committee, submitting the communication from the public lighting commission, relative to connecting its lighting mains to the G. A. R. building, re-

spectfully report that we have carefully considered the matter and beg leave to state that the cost of running to and connecting with the said building the wires of the public lighting commission (including the installation of two extra circuits for separate metering), will amount to \$1,284.20. Your committee, upon investigation, find that the commission has no funds available for this purpose, as the board of estimates only allowed funds for the operation and maintainance of the plant, and made no provision for extensions and betterments.

"We therefore recommend, inasmuch as it is a necessity, that the stores and balance of said building be lighted, that the controller be instructed to place to the credit of the G. A. R. building fund the sum above mentioned for the purpose of paying said improvements, said expense to be taken out of moneys received from the House of Correction."

This recommendation was adopted by the council.

Here is a minor extension of the public lighting plant, the cost of which is paid out of money taken from another department, and will not appear in the construction or operating accounts of the lighting plant. How much money has been spent by the common council for the lighting plant, without making it a part of its investment or operating expenses, we are not in position to know. This incident furnishes evidence, however, that such a thing has now been done. It may have been done before. It may be

done again. Results shown by such an imperfect system of accounting are offered to the public as a guide for its public policy. If the information is incorrect a policy that follows its guidance must be incorrect.

One thing is certain: No private corporation can procure funds for the extension of its service without having a charge for the amount appear in its construction or expense accounts and as a debt to the source from which the money was obtained. Until the accounts of municipally owned and operated industries are kept by a uniform system and carefully audited by authority of the state the people will never know whether or not they are securing economic gains by making such ventures.

#### MUNICIPAL OWNERSHIP A PROTEST.

The demand for municipal ownership and operation of public service industries derives much of its popularity from its acceptance as a protest against real or feared acts of injustice, perpetrated by corporations. When honest, intelligent persons who advocate municipal ownership for this reason are shown that the evils of corporate ownership can be entirely overcome and all the advantages of municipal ownership can be secured by a proper system of public regulation, they readily drop the municipal ownership idea and become advocates for a scientific system of regulation. They recognize the fact that such a system of regulation is as essential to success-

ful municipal ownership as it is to satisfactory corporate ownership.

In New York City Controller Coler has illogically recommended established municipal ice plants to overcome the evils created by an ice trust. In Boston the municipal ice plant has been abandoned, because the ice it produces costs the city about \$60 per ton, while ice supplied by private contract costs only \$3 to \$4 per ton.

In New York, again, the Central Federated Union seeks to head off the raising of the price of gas, after a gas war, to the legal price established by the state Legislature, by petitioning the city authorities to establish a municipal gas plant. The union illogically assumes that the price at which gas was sold under pressure of a gas war is a price at which gas can be sold from a municipal plant, although the city of Philadelphia, when operating its own gas plant, never sold gas at less than \$1.00 per 1,000. The price in New York, established by the state Legislature, is now \$1.05 per 1,000.

In Baltimore an agitation has been started to establish a public lighting plant, as a protest against a supposed exorbitant price demanded by the lighting corporations, although no evidence has been produced by the lighting commission to show that a public lighting plant would be a good investment.

In dozens of places throughout the country this controversy is being blindly carried on by those who



speak for the public and those whose duty it is to safeguard the interests of corporations. If both parties will join forces to secure a scientific system of regulation, municipal ownership will cease to be advocated as a protest against corporate extortion.

### ANOTHER MUNICIPAL OWNERSHIP THEORY DEMOLISHED.

Advocates of municipal ownership have found support for their cause on the theory that by such means the public would cease to pay the enormous salaries drawn by corporation managers, while workingmen would benefit by an increase in wages. Their representation has been that municipal ownership would decrease the cost of management and increase the cost of wages, and that, as a final result, there would be an economic saving.

The United States Department of Labor has made a careful investigation of this subject, the results of which are given to the public in its fourteenth annual report. A total of 952 private and municipal electric lighting plants were investigated. Separate figures for salaries and wages were not secured for all of these plants, as in many of the accounts salaries and wages were so mingled as to render this impossible. The report states that "for 576 private plants and 245 municipal plants the accounts were kept separately and accurate data were obtained."

These data are published in a series of 15 tables, in

which private and municipal plants are grouped according to the horsepower capacity of their engines. The report states that:

"It has been charged on the one hand that the cost of administration in private plants largely exceeds that in municipal plants, while on the other hand it has been stated that the wage cost in municipal plants is in excess of that in private plants." This statement is followed by a table which includes 576 private plants and 245 municipal plants, giving the average cost for salaries and wages of all the plants in each group. The results of this comparison are stated in the text, as follows:

"In the above table it is seen that so far as salaries are concerned the average cost in municipal plants is smaller in every group presented, in some cases being less than half the average cost in private plants. As regards wage cost, it is seen that in seven of the groups shown the average cost in municipal plants exceeds that in the private plants, while in eight of the groups this cost in private plants is greater than in those municipally owned and controlled." From this statement the inference is liable to be drawn that the aggregate of salaries and wages in the case of municipal plants is less than for private plants, and that, therefore, municipal operation is the more economical.

To test this point we have gone through these tables and selected every municipal plant for which salaries and wages are stated without any reference to an ex-

planatory footnote. We have taken from each group the same number of private plants as there are municipal plants contained in the group, taking, in every instance, the first plants in the list. The tables constructed on this basis contain 244 municipal and 244 private plants. We find that 73 out of the 244, almost one-third of the municipal plants, report a total annual expense for salaries of \$300 or less, 25 of the 73 reporting less than \$100 per annum on this account. Notwithstanding this questionably low statement of the cost of salaries, the total paid for salaries and wages as shown for 244 municipal plants is \$797,518, while the total for the 244 private plants is \$782,484. The excess of municipal over private salaries and wages is \$15,034. This demolishes the theory of an economic gain being effected by municipal ownership and operation on account of salaries and wages. This showing is simply on the face of the returns. If the inquiry is carried further to show the actual amount of service received for payments made, the efficiency of private management will be far ahead.

### A MONOPOLIST'S TRICK.

Politicians are greedy to make money for their own pockets, and they are greedy to get votes, so they may have power and opportunity to make money. Every politician regards an increased expenditure a source of power, because it enables the party in power to give employment to those who suppose they pay no taxes.

How to take the largest amount of money from taxpayers with "the least squawking" while they are being plucked and pay it out to the largest number of voters who will stand by the party in or wanting to get into power, is the science of politics.

Certain politicians in New York created a big disturbance by becoming the beneficiaries of an ice trust. Other politicians of the same party took advantage of the popular clamor to propose destroying the trust. Not by publicity this time, but by getting up a demand for municipal ice plants, \$27,000,000, to be acquired by a mortgage on taxpayers' property and spent in employing faithful workers, it was calculated, would hold more voters in line for the party than denunciations of officials caught owning ice trust stock would drive away. A good calculation, and on a sufficiently grand scale.

The council of the city of Baltimore is more timid. It wants voters and seeks notoriety by drafting a bill to construct a municipal ice plant, but proposed to appropriate the absurdly small amount of \$50,000 for this purpose. This sum would not provide a plant capable of supplying the public needs. Private dealers could meet the competition of such a small, insignificant plant so completely the public would soon become disgusted with the whole enterprise, and the result would be another failure for municipal ownership. It is quite possible that the trust is banking upon some such niggardly and shortsighted policy on the part of

the Baltimore authorities. Nothing would suit the monopolists better than to have the city limit itself to the figures named. Some who are watching the movement are calling the scheme a monopolist's trick.

#### PUBLIC AND PRIVATE MANAGERS AND EMPLOYEES.

Under public ownership managers and employes are public servants and owe their employment to political influence or the enforcement of civil service regulations. They have no direct interest in the results of their management, except intangible public appreciation, upon which they must rely for continuous employment and promotion. The terms of their employment destroy the economic factor of self-interest.

Under private ownership managers and employes owe their employment to the direct personal interest of those owning the stock of the corporation. They have a direct interest in the results of their management, since they must rely for continuous employment and promotion upon the prosperity of the corporation. The terms of their employment stimulate the economic factor of self-interest. They may also be, and often are, stockholders as well as employes, thus having an additional direct interest in the results of their work.

## COMFORT AS AN INVESTMENT.

Human nature does love to be comfortable. This fact is the cause of a vast variety of improvements in the mechanical means of living, working, traveling and recreation. Improvements have been so well developed in many directions that they are robbing life of much of its drudgery and are fast transforming all forms of human activity from labor to recreation. The engineer in the power room of a great manufacturing establishment, who receives high wages for watching the engines work, derives a positive pleasure from observing the accuracy and power of the movement of every part of the complicated mechanism. Compared with the methods of producing mechanical power known to the eighteenth century, the labor of producing power has been transformed into recreation.

Acting upon the known wants of human life and the known attractive force of means for supplying such wants so as to make life comfortable, an intelligent investment is being made by merchants, individually and collectively, in establishing "rest rooms" for women who have occasion to come to a village or city to do a day's shopping. Regarding this movement, purely upon the plane of commercialism, it is well thought out, serves a useful purpose and is certain to promote business and good fellowship. Like the "sun parlors" at the seashore, these "rest rooms" will become social exchanges, to which women will go

for the purpose of meeting others and exchanging news of social and domestic affairs, which are as essential to bright, progressive female life as the business of the Commercial Exchange is to merchants and manufacturers.

If as much intelligent thought had been bestowed upon ways in which to spend money wisely as has been bestowed upon ways for earning money or making a profit in business, human life would to-day be far more perfectly civilized than it is. We predict great success for "rest rooms." We hope every village will soon have them.

#### SUPERIOR SERVICE AND LESSER PRICES.

In an address on "The Evolution of Mercantile Business," Mr. John Wanamaker says: "The control of the retail trade rests entirely upon superior service and lesser prices." In the same address he also makes the statement that "it is pertinent to remark that the number of mercantile licenses issued in Philadelphia in 1870 was less in number, compared with the population, than they are to-day." Does this show that the great department stores have failed to control the retail trade by means of superior service and lesser prices? It certainly shows that the great concerns have not eaten up the little ones. Big fish have been eating little fish for ages, but the supply of little fish does not appear to diminish.

That the great stores do give superior service and

lesser prices will not be questioned by any experienced shopper. But time and traveling expense is a factor in shopping. The amount of purchasing in small quantities of common commodities that do not justify a trip to the great stores is sufficient to keep an ever-increasing number of small stores in existence. This is the explanation of the fact that great stores do not absorb the little stores.

"Superior service and lesser prices" are a benefit to every buyer. This benefit is not confined to the purchases made at the great stores. All the small stores respond in some degree to the influence of the superior service and lesser prices of the great stores. They necessarily do this in their effort to retain the largest possible share of trade for themselves. In this way the great stores control prices in the retail trade, and consumers are benefited by this control on all the purchases they make, wherever made.

The larger number of mercantile licenses per capita in 1900 compared with 1870 is tangible evidence of the greater prosperity of all of the people now than then. With great stores and little stores all doing business, there must be more persons employed in the retail trade and the trade must be greater per capita now than in 1870. Large aggregations of capital are not the cause of a large number of small stores. Great capitalists do not trade at small stores. "The people" do.

On the evidence submitted it is shown that great



stores have not destroyed competition; that they do control prices and thereby benefit the entire list of purchases, whether made at the great or the small stores, and that all of the people are more prosperous, buy more now than they did in 1870.

### AN ECONOMIC CRIME.

One point on which all economists agree is that duplication of works for rendering public service is wrong, because its inevitable result must be increased cost for users, therefore a loss to them, or the wiping out of a part of the capital, therefore a loss to investors. It is in recognition of this fact that the law of Massachusetts requires municipalities desiring to own and operate gas or electric lighting works to acquire the existing plants instead of constructing duplicate works. The same rule is applied in Pennsylvania to waterworks. It should be applied to all public service works in all states.

It is announced that the commissioners of the city of Watervliet, N. Y., have decided to construct an entirely new and independent system of waterworks for the city, including the latest improved system of filtration. It is stated that no part of the plant of the existing company will be bought. This will result in two plants being in operation for the purpose of supplying a service which one plant can supply to better advantage at cheaper rates if both plants charge enough for service to cover the entire cost of opera-

tion. If they do not charge sufficient for this purpose then taxpayers on the one hand and investors on the other will be compelled to make up deficits, which simply means they will be required to pay a part of the cost of water served to users. This is an economic crime. It is really taking property without just compensation. In this case, as in all similar cases, the municipality should contract with the private company or buy its works.

#### PUBLICITY INCOMPATIBLE WITH COMPETITION.

Governor Roosevelt, in a speech before the Marquette Club, Chicago, April, 1900, is reported to have said:

"Under publicity there can be no abuse of power, no extortion and no inflation. Protection is afforded to consumers as well as investors, and the economic and useful combinations reap the reward of public confidence and favor to which they are entitled."

Mr. Lawson Purdy, in an address before the American Association for the Advancement of Science, New York, June, 1900, stated that "publicity of accounting is incompatible with competition." Commenting upon this statement, the New York Journal says, editorially, June 30, 1900:

"Mr. Purdy's argument will not hold water. In the first place, all industrial trusts are engaged in business 'naturally competitive,' but in which competition is unnaturally killed.

"If it were possible for Mr. Purdy to buy up all the flour mills in the United States and refuse to sell bread for less than \$100 a loaf, his 'rights' as a business man would not last longer than a feather in Vesuvius. He would be overridden and trampled down by the larger question of human rights. The government would have the right to investigate.

"Restriction and monopoly of production should be sufficient warrant for the government to institute inquiries and conduct examinations for the benefit of the people."

This is rhetoric, but not reason. It betrays much of the "blood to the bridle" style of oratory, but no accurate knowledge of the power that moves industrial forces.

Competition cannot be killed unless it is killed naturally. Water power is not developed by attempts to cause water to run up-hill. Competition is not killed by raising, but by lowering, prices. How long does the Journal suppose it would take Mr. Purdy to acquire control of the production and distribution of bread if he were to proceed on the basis of raising the price every time he bought a flouring mill or a bakery? For every competitor bought out a dozen new ones would enter the business to cut to a reasonable limit the high price he had established. His high prices would have no more stability than figures written in the sand of an ocean beach where every incoming wave would wash them out. Publicity of the price would

be the only thing required to induce this competition. It would not be necessary for the government to institute inquiries and conduct examinations for this.

Competition can be killed only by reducing prices. If Mr. Purdy, through superior skill, the use of more efficient mechanical means, or the command of larger capital, could create advantages not possessed by his competitors, and thus reduce prices to a point that would leave him a profit, but none for his competitors, and did it, he could kill every one of them. If he had the ability to-day to deliver a loaf of bread to every consumer in the United States at a less price than anyone else and did it, he would have an absolute monopoly of the bread-producing business. His "rights" would be defended by every bread eater because to destroy his rights would be to raise the price of bread. No one would want that done. He would be revered as a benefactor of his race, having actually caused two blades of grass to grow where but one grew before, and divided the benefit with the people. There would be no demand "for the government to institute inquiries and conduct examinations for the benefit of the people." Mr. Purdy, not the government, would have the power to and would be benefiting the people.

Competition is war. The most important factor in warfare is the ability to keep the enemy in ignorance of one's strength, equipment and plans. There could be no real war if each opponent were compelled, through a false use of the power of publicity, to dis-

close all of these facts. Under such conditions the generals would simply arrange terms of surrender, the weaker to the stronger. There will be no competitors when there are no business secrets. Guided by the information gained by such publicity, all competitors will combine. This will be the death of competition. Competition and publicity are incompatible.

### DETROIT HELD BY THE THROAT AGAIN.

We should think the city of Detroit would have a very sore throat by this time. According to the representations of some of its newspapers and reform agitators, one corporation after another has had "the city by the throat" for ten or fifteen years. The gas company, the electric lighting companies, the street railroad companies and the telephone company have all had a turn at that throat.

Although this has been going on so long, the people of the city seem never to learn how to protect the city's throat from the grasping corporations. By looking over the files of the local papers a few years back, it will be seen how sure the political leaders of the people were that competition was a true remedy for monopoly. Instead of protecting the investment that had been made in good faith in an electric lighting plant and offering the company an exclusive contract on the basis of cost of service plus a reasonable profit, the wise politicians granted a competing franchise and made a contract for public

lighting with a competing company. In the course of time this contract expired. It was then found that the new company was a worse monopoly than the first, and that the sure way of downing the monopoly and cutting the price in two was to establish a municipal plant. This was done and a mortgage of some \$700,000 has been placed on taxpayers' property to pay for it. After six years of experience it is found that more money must be invested to keep the plant in satisfactory working condition and that the public lighting is costing as much, or more, as done by the city, as it would cost if bought by contract from a private company.

#### THE TELEPHONE MONOPOLY.

History is repeating itself in the case of the telephone monopoly. Politicians and reformers were sure a few years ago that they had solved the problem of the telephone monopoly by granting a franchise to a competing company. Great was the rejoicing when the new company commenced business and cut prices. But the rejoicing did not last. A natural law, superior to the edict of politicians and the opinions of reformers, has asserted its supremacy—competition cannot be maintained where combination is possible—the competing telephone companies have combined. Now come the politicians and the reformers with their last resort remedy, advocating the establishment of a municipal telephone system via the commission route. Having reached their limit

in mortgaging taxpayers' property for public purposes, it is now proposed to incorporate the Detroit Municipal Telephone Company, to establish the plant and operate it in trust until such time as the city may see its way clear to acquire possession of the property. A franchise is to be granted to this company, which, together with the physical property, is to be mortgaged to secure funds with which to establish the system. It may be taken for granted that this franchise will be liberal in its terms, to make the bonds attractive. This comes dangerously near the scheme for acquiring the street railroads, with which Governor Pingree and his associates stirred up the city about a year ago. There is one good feature about it—it may save the taxpayers from being mortgaged again.

Some want to make a co-operative scheme of it. They want subscribers to purchase the instruments they use and pay for connections. This, it is innocently represented, would cut down the cost of the system. It would do no such thing. The cost of the system would be unchanged. The subscriber would pay a part of the cost instead of the company. That would be all the difference this change would make.

Some argue that everybody who wants cheap rates and better service would have a motive in subscribing for the stock. This argument was used in Michigan forty years ago, when a seductive promoter visited business men in many towns to induce them to

subscribe to the stock of the Merchants' Express Company, which was sure to cut prices to such an extent they would save in reduced rates the cost of their stock and ever after receive dividends on an investment that virtually had cost them nothing. Many were willing. They thought that would be what nowadays would be called "a good trust." Telephone subscribers will do well to inform themselves as to how that venture turned out before going into a new one on the same lines.

The evening News of Detroit, in a spirit of enterprise, conceiving a desire to promote some exciting topic that will make its papers sell, had all the members of the electric lighting commission interviewed. These officeholders could not afford to acknowledge inability to handle a telephone system more efficiently than a private corporation can. They are all in favor of a municipal telephone system. One citizen was found outside of the office-holding class "who expressed a deep interest in the plan and a willingness to risk a reasonable amount of his own money to establish a municipal telephone system" via the corporation trustee route. Referring to the telephone companies, he said: "These people now have the city by the throat. It's time the city stirred itself and took a hand against not only the telephone, but against the gas and street car people as well." There you are; the same old complaint not cured yet. To the surrounding civilization Detroit appears to be always "stirred" on these subjects.



We wonder if it will now occur to the politicians and reformers to relieve the city's throat by contracting with the telephone company for public and private service on the basis of actual cost and a reasonable profit on a bona fide investment? If this profit should be fixed at 12 per cent, and private management should be 12 per cent more efficient than public management, the price to subscribers under such a contract would be the same as the cost of the service under municipal ownership and operation. This should relieve the grip on the city's throat and make everyone happy.

#### EFFICIENCY OF PUBLIC AND PRIVATE AGENTS.

The efficiency of a public agent is determined by the energy of patriotism animating and impelling every elected official and every appointed employe to serve the public interest as carefully, as diligently, as skillfully, as honestly, as he would if it were his private interest.

The efficiency of a private agent is determined by the energy of self-interest animating and impelling every stockholder, every director, every manager and every employe to serve the corporation as carefully, as diligently, as skillfully, as honestly, as he can, because it is the only way in which he can serve himself.

A public agent works for the profit of the public—all of the people—without hope of individual gain. A

private agent works for private gain. The people as employer must determine which of the two will serve the general welfare to the best advantage. If the cost of public management equals the cost plus the profit of private management, the private agent should be employed, because a correct public policy will not permit the socialization of private capital unless a tangible gain of considerable importance can be secured by so doing. In fact, it cannot do so without violating moral and economic principles, and the constitutional provision that "private property shall not be taken for a public use without just compensation."

To determine the relative efficiency of the two agents, fixed standards of comparison must be established and all conditions that may tend to increase the efficiency of the one or of the other must be fully developed.

### COMMISSIONS AS A MEANS OF EVADING THE LAW.

Respect for the authority of law cannot be promoted by devices for evading constitutional provisions or statutory requirements. The limitation of municipal indebtedness by constitutional provision or by statutory requirement is an expedient that has been made necessary by a bitter experience which taxpayers in no state desire to have repeated. These provisions have reference only to debts for which taxpayers' property is held directly or indirectly liable. All classes of public

improvements for rendering social services—services for which no charge is made to users on the basis of service used, such as public schools—are the cause of debts for which taxpayers' property is directly liable. All classes of public improvement for rendering industrial services—services for which a charge is made to users on the basis of service used—are the cause of debts for which taxpayers' property is indirectly liable. If all of the latter class of indebtedness is incurred under conditions that prohibit it from becoming a charge upon taxpayers' property under any conditions, so much of the debt limit margin as has heretofore been absorbed for the purpose of acquiring industrial public service utilities will be freed from this incumbrance and can be used for the greater development of improvements for purely social services. This will be a gain for the general welfare, and a gain for taxpayers.

There is but one sound way in which this advantage can be gained. It is by making all debts incurred for acquiring the ownership and operation of public service utilities a users' debt, instead of a taxpayers' debt. When this is done, constitutional provisions or statutory requirements devised for the protection of taxpayers by placing a limit on municipal indebtedness will have no effect upon the indebtedness incurred. Users' debts cannot be included in statements of taxpayers' debts made for the purpose of determining the debt-incurring capacity of any municipality.

We regret that Controller Coler has not seen his way clear—we think he will yet do so—to accept this principle as the true one, to be applied in all cases of debts incurred for users' benefits, for the purpose of rendering industrial public service. Had he done so he would have had no occasion to talk about securing changes in the state constitution, or, worse still, to suggest a commission as a means of evading the law, as he does in the article by him published in our issue of August 25, 1900, under the title of "A Plan for Acquiring Public Service Utilities Without Mortgaging Taxpayers' Property."

Evasion by commission is not a new device, and is unworthy of indorsement by so able a financier and thinker as Controller Coler. It was the basis of the street railroad deal that Governor Pingree of Michigan undertook to consummate last year, which was declared unconstitutional by the Supreme Court of that state. It is brought forward again by those who are seeking to promote a municipal telephone system in Detroit, reference to which will be found in our editorial, "Detroit Held by the Throat Again." It has been proposed in many waterworks, electric lighting and similar schemes. Those who are more intent upon carrying out their theories for socializing all public service utilities than they are to secure the enactment of correct laws or to promote respect for law by respecting the law, are ready to use commissions for the purpose of evading the law. This is bad policy, be-

cause it is wrong to evade laws, and because the object sought can be gained in a better way.

## PUBLIC SERVICE REGULATION IN MASSACHUSETTS.

Through its Gas and Electric Lighting Commission Massachusetts has instituted and exercised the best system of regulation for public service industries to be found in this country. The defects in this system of regulation are in the legislation giving it direction and power, not in the ability and devotion to the public welfare with which the duties of the commission have been performed.

The policy of the state is wise in providing that publicly owned and operated industries shall not compete with private enterprise. It requires the public to buy the property of the private corporation whenever the public decides to own and operate the industry for private account. But it does not, with equal wisdom, prevent private companies from competing with each other. This defect has been used as an opening through which competing corporations have duplicated service plants and affected consolidations in the usual way, with an unnecessary investment and an excessive capitalization as a final result.

The law gives the commission authority to fix a reasonable price for services rendered by private corporations, but does not define any standard by means of which a reasonable price may be determined. All

corporations and all municipal works are required to keep accounts and make reports in the form required by the commission. One step of improvement should be made here. The law should define what factors shall be included as elements in all statements of cost. These factors should be identical for municipal and for private plants. The commission should be permitted no discretion as to what elements constitute cost, but it should be their duty to see that all items of cost are properly charged. Having legally defined cost, the law should require all public services sold by municipalities to private users to be sold at not less than cost. The cost for private corporations being determined in the same way as for municipal plants, the price should be determined at cost, plus a reasonable profit. A reasonable profit may be measured at twice the rate of interest paid on its bonded debt by the municipality in which the service is rendered.

If private management is more efficient than public management, private cost, plus a reasonable profit, will not exceed cost under public management. When this result is demonstrated there will be no reason for wanting municipal ownership.

## INEFFICIENT PUBLIC MANAGEMENT.

The inflexibility of legal requirements for the management of public service industries is a very heavy handicap on public as compared with private management. Many times public officers are blamed for not obtaining better results when the real fault lies in some act of the Legislature or town council which prevents them from managing their departments in the most effective way. The following report of a waterworks muddle comes from Glenville, Ohio:

Waterworks matters in Glenville are in a worse muddle than ever before. An ordinance was introduced in the village council to abolish the board of waterworks trustees and to transfer their duties to the water committee of the village council. The ordinance was approved by the majority of the members of the council.

The plan was thwarted, however, by Village Solicitor Clyde M. White, who gave the council a legal opinion to the effect that the waterworks board could not be abolished. The law says that there must be a board of waterworks trustees in places where there is a waterworks system. The question was raised as to whether a system of pipes, such as Glenville has, constitutes a waterworks system, or whether there must be a pumping station. Solicitor White held that Glenville had a waterworks system and that the waterworks trustees could not be ousted from office.

A serious complication has arisen as a result of Solicitor White's opinion. The village council has been levying taxes for the waterworks board, but the board, according to the solicitor, ought to make its own levies and to collect an income from water rents. The council has issued \$35,000 in waterworks bonds, which, it is claimed, should have been issued by the waterworks trustees, and some question is raised as to the legality of those bonds. In the opinion of the solicitor all water levies that have been made by the council have been illegal.

#### COMMISSIONS TO SECURE EFFICIENT ADMINISTRATION.

Advocates of the municipal ownership and operation of public service utilities always confess the inefficiency of the political administration of industries whenever they resort to the creation of commissions to take charge of any particular industry and operate it for public account. The commission idea was started for this purpose, but in recent years this has been improved upon. Now commissions are advocated, not only as a means for securing efficient administration, but also as a means of avoiding statutes devised for the protection of taxpayers. Of the first class, the Detroit public lighting commission is an example, and the defunct Detroit Street Railway Commission, of which Governor Pingree was the head, is an example of the second class.



At the present time, wherever large public works are undertaken, economic execution is sought through the contract system. Much as advocates of municipal ownership claim to their credit in securing the construction for rapid transit tunnel service for public account, they did not carry their public service ideas to the point of having the construction work done directly by the city authorities. Why? They know as well as any other persons can that a work of this magnitude, if done directly by the city, would cost at least 50 per cent more than it will cost as it is being done under contract.

In an address before the New York Electrical Club, September 24, 1891, under the title of "The Making of a Model New York City," we outlined a rapid transit scheme, far more comprehensive than the one now being undertaken. It involved the improvement of the entire water front, much as Controller Coler is now advocating, and combined that improvement with a scheme for rapid transit for all freight and passengers brought into or moving through the city. To carry out so great a work we recommended the creation of a state commission.

Mr. Crimmins, a gentleman who has had large experience in the construction of great improvements in New York City, both public and private, speaking about the construction of a Nicaragua canal, advocated its being done by a private corporation. He is reported as saying:

"There can be no serious difficulty about securing all the control our government may find it necessary to exercise. There is every reason to believe the work can be done better and more expeditiously by private enterprise than by government agents, who are likely to know more about politics and 'snaps' and 'rake-offs' than about engineering business."

Knowing the inefficiency of political, in comparison with private corporate management, every intelligent advocate of public ownership and operation is now turning his attention to ways and means for improving the efficiency of municipal, state and the national administrations. In this work we are in hearty accord with them. In fact, we lay claim to being a pioneer in pointing out the necessity and desirability of this course.

#### ACKNOWLEDGING DEPRECIATION.

Many of our readers will readily recall how jauntily the Public Lighting Commission of Detroit disposed of the question of depreciation in its first annual report. We now learn from a report of the proceedings of the lighting commission, published in the Detroit Journal, that the facts of depreciation are causing this question to become a practical condition that must be dealt with. The report says:

The public lighting plant has been allowed wofully to deteriorate.

The entire power plant will have to be overhauled.

The lamps have not been renovated for two years and are causing great trouble.

The roofs of the power house are leaky and defective.

The line poles are rotting away.

The dock is in very bad condition.

There is no reserve power in the plant and more power must be added.

The machinery and lines have not been properly maintained and will have to be overhauled and repaired.

The dock back of the works is rotting away.

To this statement the assurance is added that "no stone will be left unturned to put the plant into first-class condition."

This proves what we have always said. Depreciation is as much a part of cost as coal for fuel. Statements showing low cost per lamp per year that do not properly provide for depreciation are false.

#### WHICH OF TWO AGENTS SHALL BE EMPLOYED?

No subject that will receive consideration, no subject that has received attention, is pregnant with as many possibilities for good or evil as this question of public policy—which of two agents shall the people employ to supply themselves with any of the group of services technically known as public service industries? This question involves much more than is apparent to a superficial observer. It is vastly more

important than the people are aware. Upon its correct settlement depends the progressive development of our existing civilization. The settlement of this question ultimately made will confirm or destroy existing ethical standards founded upon present conceptions of the requirements of justice, and the right to own property. This is proven by the attitude of leaders of thought, the prejudices of the politically and commercially interested and of the misinformed, that the discussion of this subject has developed.

#### SOME DEFINITIONS.

Philosophers have discovered that discussions cease when men agree upon the meaning of terms.

A public service industry is one that requires a special use of public rights of way for its best and most economical development, the services of which are sold to users and taxpayers. Such an industry is a natural monopoly. The people must employ one of two agents to own and operate public service industries:

(a) A public agent: A municipal, state or national government, a political organization.

(b) A private agent: An industrial corporation organized for the purpose of making a profit.

#### RESPONSIBILITY OF ACTION.

Some worship political success as others worship commercial success. Temptations are the same. The political leader and the corporation manager seek present power and profits, rather than the application of

correct moral and economic principles. Being practical men, engaged in the management of practical affairs, politicians and corporation managers disdain to be guided by the theories of those who seek neither political nor commercial success, but devote themselves to searching out routes to better conditions under which all of the people shall enjoy peace, happiness and prosperity.

Have a care! Honesty and intelligence are the only foundations on which political power and commercial success can be permanently based. If the people are not properly taught political power and commercial gains will some day, as during the French Revolution, be the only evidence demanded in proof of treason to the cause of humanity.

Honesty is the image of God in the soul of man. Intelligence is a condition of mind development. If the people are not correctly taught, if principles known to be right and just are deliberately sacrificed for power or profits, injustice to the people and to corporations will be done. In a final analysis no man can be a gainer by his own injustice. "By such acts he trades in unequal exchange character for power or property. 'What shall it profit a man if he gain the whole world and lose his own soul?' How infinitely unintelligent all transactions are by which men seek to gain power or property through violating the true spirit and meaning of the law of natural justice! The product of life is character. The product of labor is

property. If life is eternal, so is character. Labor is perishable, so is property."

Every success of dishonesty and of ignorance is a recorded failure in the annals of history. There is a power that works for good all through the life of humanity. Its tendency has ever been, and must always be, to develop the image of God in the soul, to enlighten the mind, to perfect human nature, to render men masters of liberty. Liberty and justice are inseparable. Every act that tends to efface the image of God, or to miseducate the mind, tends to destroy liberty, to dethrone justice. Those guilty of such acts are the people's enemies.

#### REGULATION OF PUBLIC SERVICE CORPORATIONS BY COMMISSIONS.

Mr. Forstall's paper on "Governmental Control of the Price of Gas," and a bill to create a State Board of Gas and Electric Lighting Commissioners for the state of Illinois, ought to induce a very careful consideration of the causes of the ill success of the Massachusetts commission, as set forth in an article by Prof. John H. Gray in the *Quarterly Journal of Economics*. We think such an examination will lead the investigator to the conclusion that the cause of ill success is to be found in the unscientific character of the legal conditions under which the commissioners have been required to administer their office. At the time these laws were enacted, and we think it is still true, public

opinion was not sufficiently educated to require the enactment of a law that will render the administration of the office of State Gas and Electric Lighting Commissioners entirely successful. Evidence of this is afforded by the text of the proposed law on this subject for the state of Illinois. That bill enacted into law will be no more successful than the Massachusetts law. In this connection we must refer to the contract law proposed to the Ohio Legislature at its last session. In our judgment, the conditions in a contract drawn in conformity with that bill will overcome all of the defects pointed out by Prof. Gray.

#### THE DUTY OF THE STATE TO REGULATE PRICES FOR SERVICES RENDERED BY MUNICIPALITIES AND PUBLIC SERVICE CORPORATIONS.

A very carefully prepared paper by Mr. Alfred E. Forstall, secretary of the American Gas Light Association, was read at its twenty-eighth annual meeting at Denver, October 19, 1900, under the title of "Governmental Control of the Price of Gas."

A fitting appendix to Mr. Forstall's paper, with an introductory letter from Alderman Butler of Chicago, is the full text of a measure of which he is the author, to create a state Board of Gas and Electric Light Commissioners. This measure has been proposed in the city council of Chicago, and by it referred

to its committee on state legislation. The object of this measure is to provide proper administrative machinery by means of which the state can exercise its right to regulate the prices charged for gas and electric lighting by all public service corporations supplying such services in the state.

It is altogether unlikely that Alderman Butler was aware, when he drew this measure, that a committee of the Western Gas Association, appointed to investigate the question of gas commissions in 1886, made a majority report in favor of the formation of such commissions. It is also unlikely that Mr. Forstall was aware, when writing into his paper a very judicious criticism of the policy of inaction, and saying, "Whatever our policy may be, the question is being, and will continue to be, agitated by others," that Alderman Butler was engaged in preparing a measure providing for "governmental control of the price of gas."

The right of the state to regulate the price of gas is conceded, and, as Mr. Forstall points out, has been exercised in numerous cases. If there is a logical reason why the state should regulate the price of gas, the same reasoning will apply to any public service. If there is a logical reason why the state should regulate the price of any public service when rendered by a private corporation, the same reasoning will require it to regulate the price of all public services rendered by municipalities. The function of the state in this



behalf is to hold the scales of justice in even balance between the apparently conflicting interests of users and corporation stockholders on the one hand and users and municipal taxpayers on the other hand. Justice in one case requires that so long as stockholders' money is used for the purpose of rendering a service the users of the service must be required to pay a price for the service used, sufficient to cover fully all costs of ownership and operation and a reasonable profit on the investment, but no more. Deficits, created by the municipal ownership and operation of the means for supplying a public service, must be paid by taxpayers. Justice demands, therefore, that the users of the service must also be required to pay a price for the service used. This should be sufficient to cover fully all costs of ownership and operation, to provide a fund for the final payment of all bonds issued or other municipal indebtedness created on account of the service, and to prevent the service from being sold for any less.

The correct regulation of prices for public services by authority of the state will promote the welfare of every person residing in, doing business in, or owning property in, every municipality in which such services are rendered. No question of public policy now before the people is pregnant with greater possibilities for good, if rightly settled, or for evil if incorrectly settled. It is the part of wisdom on the part of those who have expert knowledge of these subjects to guide the action of lawmakers to correct conclu-

sions. If they do not do this, others will undertake to do it for them. If those who undertake to write laws upon this subject are not correctly informed, they cannot reach right conclusions, though they possess the virtue of honesty in its most perfect degree of development.

Those who seek the truth for the purpose of doing right will welcome the aid of any suggestion or criticism that will tend to correct their views, or to render the measures they advocate sounder economic propositions. In this behalf we ask attention to a series of four bills that were pending in the Ohio Legislature, session of 1900, designed to secure a correct regulation of prices charged for all public services rendered by municipalities or by private corporations. The full text of these bills will be found in Public Policy for April 21, 1900; also in a pamphlet under the title of "Municipal Constitutional Government." We believe these bills offer a correct solution of the problem of governmental regulation of prices for all public services, whether rendered by municipalities or by corporations, and provide administrative methods by means of which such regulation can be made effective, while protecting with equal justice the interests of users, taxpayers and investors. Believing this, we ask for these measures the most careful criticism by all who are competent to pass judgment upon them. We will gladly acknowledge, accept and advocate any change in these measures, by whomever proposed, that will,

in our judgment, render them more perfect for the accomplishment of the purpose in view—to reach a permanent settlement of all questions affecting the interests of users, taxpayers and investors through questions of franchise rights, taxation and prices charged for services rendered. Surely no work more helpful than this can be undertaken by any person in interest or by their representatives in municipal councils and state legislatures. The columns of Public Policy are open to those who desire to give publicity to their views on these questions.

### CORPORATIONS ARE NOT PUBLIC TRUSTS.

No word is being more widely misused to-day than the good Anglo-Saxon word of sterling value—"Trusts." This misuse of the word is robbing it of its meaning and true value. That which is most honorable and sacred is tending to become a term of reproach in public estimation. This evil has been caused by combinations formed a few years ago between competitors to control the price of their output, and, as a means to that end, to control the quantity and distribution of the output. Such combinations were so clearly in restraint of trade and against sound public policy that legislatures and courts were not slow in rendering them odious.

Taught by this experience, those who seek security against the massacre of competition have taken the course of seeking to eliminate competition by self-de-

struction. They simply go out of business as competitors and become shareholders in a larger corporation, equipped to handle on better terms for the public all of the business formerly transacted by the several competitors. Against such a corporation no valid objection can be urged. Largeness is not an objection. If the principle of combination between two persons for any purpose is admitted to be right, there can be no limit to the application of that principle.

When combinations are effected a real trust is created, not in the popular sense, but in the relations between the managers of the corporation and its shareholders. This trust is most honorable and sacred. Any act of legislation that will strengthen it and protect it from misuse will be a beneficence to the industrial world. The claim that the business of a corporation is a private business and that its managers have the same rights as unassociated individuals to keep the affairs of the corporation secret, must be overthrown. The business is public, but its public is limited to its shareholders. Its managers are trustees for its shareholders and should be held responsible to them for every act. There should be no secrets which shareholders may not know. To this extent publicity in the affairs of competing corporations can go with good public results. Beyond this publicity cannot go without defeating the purpose which those urging publicity have in view. There is no trusteeship between competing corporations and the public. The trusteeship exists

between the corporation managers and its shareholders. The more perfect and inviolate this trust is made the greater will be the public benefit derived from corporations.

## ORGANIZATION IS THE SPIRIT OF THE AGE.

We feel that we are placing our readers under obligations to the Hon. Wm. A. Lynch of Canton, Ohio, by supplying for their information the full text of his address before the Ohio Bankers' Association, under the title of "The Industrial Age." There is not a business man nor a workman in this country who cannot better afford to take time carefully to read this address than he can to use the necessary amount of time in other ways. There is not a person who cannot have time to do so if he will take time that otherwise will be less profitably used and devote it to this purpose. We insist upon this point for the reason that the people of this country have passed through two presidential campaigns, in which one party sought election by teaching a gospel of hate to the millions who work in seeming ignorance of the fact that the republic is founded upon the gospel of good-will. No person can teach the gospel of hate and be a loyal citizen of the republic.

Organization is the spirit of this age. It is the direct result of two thousand years' teaching of the gospel of peace and good-will. This gospel had to

be taught and men had to become sufficiently honest and intelligent to apply its teachings before they could enter upon an era of true economic industrial development. Organization cannot exist between persons who are incapable of some approach to true conceptions of the requirements of justice. Justice cannot be done by those who are dishonest or unintelligent. Moral law teaches honesty as a principle. Economic law enforces honesty as a practice. The true problem is, not how to obstruct or limit the growth of industrial organizations, but how to guide them so that in every detail of their procedure toward those directly interested as labor and capital employed on the one hand, and as users of their products, commodities or services on the other hand, justice shall be done. Industrial organizations should have unlimited permission to do anything that any individual may do. No person has a moral or legal right to be dishonest, or to do anything that society in behalf of the general welfare has proscribed and made illegal. An organization that does not overstep these limits cannot do an injury to the general welfare, no matter how far-reaching its operations may become. This statement must not be understood as meaning that no individual injury will result from the operation of organization. One of the purposes of organization is to eliminate every man and every machine from the industry which the higher efficiency secured by organization renders unnecessary. The displaced man, thrown out of employment with

the discarded machine, may be injured, but society as a whole will be benefited by such displacements.

Progress cannot be made without sacrifice. If no person or machine is to be displaced while they can render service the future can never know better conditions than we now have. The stage driver went out of employment when the stage was no longer useful. Stage drivers were injured and stage coaches were destroyed, but society as a whole, especially all that part of society that works for its living, has been enormously benefited by the change.

The sacrifices required by industrial organizations do not differ in character from the sacrifices required by the adoption of a more efficient machine, method or process of any kind, in any vocation. Such sacrifices are details of progress; they are not the results sought. They are like tearing down an old building to clear the ground for the construction of a better one. The tenant displaced may be greatly inconvenienced and injured, but the tenant of the new building may be as greatly served and benefited. It is certain if benefit was not expected as the net result of the change, the change would not be made. In this view of the subject it must be plainly seen that industrial organizations are designed to work out benefits for the people, and that those who denounce them as conceived in sin and born in iniquity are in error. They are made possible only by applying the gospel of good-will; their purpose is to accomplish good results. They cannot accomplish their

purpose without contributing to the general welfare. All the evils they do result from an abuse of power, just as all the vices and wrongs of which individuals are guilty result from an abuse of liberty. All evils, individual or corporate, exist because men are not true masters of liberty and power.

### ON THE FORMATION OF TRUSTS.

The charter of the Federal Steel Company is a complete illustration of the difference in scope and power between a legal person—a corporation—and a natural person—you and me. This may cause our indignation to rise, but let us stop a bit and consider that the true function of the corporation is to afford you and me an opportunity to invest the small capital we have saved from our earnings in a way to secure a larger income from it than we can obtain by investing it in a savings bank deposit, or in any business we can do by the use of our own capital only. When this function is rightly performed a corporation may be composed of thousands of shareholders. Its great scope and powers are then not a menace but a guarantee of protection to industrial welfare. It gives to the thousands industrially combined no greater scope or power than the state freely gives to thousands of persons politically combined in the organization of municipalities. In each case the organization is effected to promote the welfare of its constituent elements, be they shareholders or citizens.



## TRUST PRICES.

Under this heading, "The Outlook" for June 16, 1900, calls attention to the fact that the Ice Trust in New York was selling ice to consumers in different parts of the city at different prices on the same day. Of course there could be no bona fide economic reason for such differences in price. This action of the trust was simply a new application of the once famous railroad practice of charging what the traffic would bear. And "The Outlook" prescribes the old remedy for the evil saying, the "Trust" should be required by law to sell to all consumers at the same price when as easily reached. This is the same as saying to railroads that prices for transportation should be the same to all persons requiring service under like conditions. A very easy statement to make and a very difficult one to enforce because the conditions are never the same for any two patrons. The ice question is the simpler one and may be easily solved by making a uniform price for the whole city with a rebate for quantity delivered at one time or during the season. The question of price is the burning one in the ice problem, as it has been developed by the trust in New York.

## DISSOLVING TRUSTS.

All theorists have to take their hats off to controverting facts. In 1892 a few sagacious practical business men sought to control the wall paper trade by forming a trust. They did not secure an act of Congress forbidding all others to keep out of the business. They established a uniform scale of prices, but found themselves unable to maintain it. Competition from outside concerns proved irresistible. New concerns started up and undersold the trust. Now the trust managers are saying they would not have formed the trust if they had known as much in 1892 as they do now. One thing they have learned is that they could not maintain prices high enough to enable them to pay a dividend on the \$28,000,000 of common stock with which they sought to enrich themselves when they organized the trust. They might sell this stock for wall paper. It undoubtedly has finely engraved illustrations and no value as stock. A room papered with this stock would be worth more to an anti-trust campaign than many a learned treatise on "Trusts," but for the fact that the trust was abolished by a natural process, not by fiat legislation.

## EMPLOYMENT AND TRUSTS.

The best vote-winning charge made against trusts is that of throwing large numbers of persons out of employment. The closing up of individual concerns by the consolidation of business is always tangible evidence to a certain class of minds that trusts are monsters that must be annihilated or they will reduce workingmen to a condition of slavery. Under normal conditions there are always more or less failures among manufacturers and merchants, who are the principal employers of wage-earners. Every failure throws some workers out of employment. It makes no difference, in one sense, to the wage-earner whether he is thrown out of employment by reason of the failure of his employer or because the employer has consolidated his business with others in a greater corporation. He suffers deprivation in either case. But in the long run, and to the country as a whole, it makes a tremendous difference which way the loss of employment comes.

Failures destroy or disseminate capital, rendering it unable to carry on an industry in which wage-earners can be employed. Consolidations preserve capital and render it more effective in carrying on industries that must employ wage-earners. The prosperity of a growing business, although it is conducted by a great corporation, will absorb more labor than was displaced by the original consolidation. It is within the

experience of the workingmen of this country that a vastly larger number were thrown out of employment, and kept out of employment longer, by the panic induced by the reversal of public policy following the last election of President Cleveland in 1892, than have been displaced by all of the industrial consolidations that have occurred since the election of President McKinley in 1896.

Wage-earners also have experienced the fact that those employed by the strongest corporations have employment more days in the year, and at a better rate of wages, than those employed by smaller concerns. There is nothing in the claim that great corporations are crushing labor.

### WAGES AND PROFITS.

A great gain in the proper understanding of the trust question would be made if every wage-earner and every employer could be induced to read the editorial in *Progressive Age*, under the title of "Anti-Trust Legislation." A whole sermon which no wage-earner can correctly understand without benefit to himself is contained in the statement, "Lower wages depend more upon restricted profits than upon an excess of labor." A demand for an increase of wages is hopeless when a business is losing money. On the other hand, any employer will employ all the persons he can get and pay them any rate of wages they will name if they can make it certain that he will have a

profit on each one left for himself. The greater the certainty of a profit the smaller will be the margin he will require. When wage-earners want higher wages they can be certain of securing them if they can make it certain that the payment of the wages demanded will be a profitable venture. There can be no division of interest between wage-earners and employers on this point.

A whole sermon which no employer can correctly understand without benefit to himself is contained in the statement, "Combinations cannot stifle competition, except as they offer a better article at less price than individual firms, and that speaks for progress." Such progress can only be made by the adoption of improved methods, machinery and the employment of skilled workers, to whom high wages are paid. Antiquated methods, out-of-date machinery and ignorance cannot endure the competition of the more capable.

We agree with the Progressive Age most cordially in saying, "What we want is supervision, not suppression; regulation, not ruin; laws to prevent evils that do exist, not those which are fancied might exist."

## GOOD AND BAD TRUSTS.

Mr. Currier's paper on "The Evolution of Industry, or the Formation of Trusts," contains a carefully studied description of a "bad trust" with an equally careful examination of the methods and industrial effects upon the people of a "good trust." The concluding section contains a complete copy of the charter of one of the great iron trusts, showing what unlimited powers are delegated by charter to corporations under the laws of New Jersey, and a bibliography which will be of service to those who wish to study the trust question closely.

While the organizers and managers of the trusts are being investigated by economists and official commissions, while they are being denounced by the press, from the campaign platform and in legislative halls, by far the most serious difficulties with which they have to contend are those which they have been organized to overcome and which they are denounced for having overcome—trade conditions and competition.

The lesson is being surely taught by an inexorable law that millions of inflated values are a heavy handicap in industrial undertakings. If earnings on an actual investment are large enough to keep an over-capitalized issue at par, if the issues were not greater than the investment, the soundness of the undertaking and the surplus it could put aside for ten years

would give to it a stability that could remove its securities absolutely from the speculative, and place them deservedly in the investment list.

The laws of trade will do more to eliminate the abuses of corporate power than legislation can.

### FEDERAL EXAMINERS OF TRUSTS.

"Why not have a federal examiner of trusts?" This question is asked by the New York Journal in its editorial of June 30, 1900. In this connection the Journal says: "We have a state bank examiner, whose duty it is to see that our banking business is conducted properly, and that the people are not swindled. Then why not have a federal examiner of trusts? It would be just as proper and far more beneficial to the people."

State examiners examine state banks only. They have nothing to do with national banks. National examiners, under the direction of the comptroller of the currency, examine national banks only. They have nothing to do with state banks.

We cannot have "federal examiners of trusts" until we have provided for the incorporation of trusts under national charters. In the act providing for their incorporation regulations can be embodied that will require the business of the corporation to be conducted properly, and insure the people against being swindled, by a well devised system of national examination. That is the way we developed the national banking system. First an act providing for the incorporation of national

banks, then the organization of a system of examination of all banks taking charters under the act.

An act providing national charters for business corporations doing an interstate and an international business is as necessary to a proper industrial development of commerce as the incorporation of national banks was to a proper credit development of finance. Every business man understands the importance of a currency having a national basis as compared with a currency having a state basis. State banks have not ceased to exist because national banks have been created, nor will business corporations operating under state charters cease to exist when such corporations are chartered under a national law. The sphere of action for both classes of corporations is well defined. The general welfare will be well served by having both classes of corporations correctly developed.

State examiners for state corporations, national examiners for national corporations, is the true course of correct organization. The states should never permit federal examiners to invade the privacy of domestic corporations of their own creation. If the states have not the ability properly to regulate corporations of their own creation they should be prohibited from creating them.



## TRUSTS IN THE TOILS OF LAW.

The United States Supreme Court has upheld the Texas Anti-Trust Law in the case of the Waters-Pierce Oil Company, involving its right to do business in that state. The opinion sustains the decisions of the state courts. It did this upon the ground that the state laws imposed a condition which the oil company had accepted, and, therefore, was without ground of complaint. The suit grew out of the charge that the oil company violated the statutes of the state of 1889 and 1895 against illegal combinations in restraint of trade, thereby incurring a forfeiture of its permit to do business in the state.

A case under the anti-trust law of Arkansas, enacted by the last Legislature, was decided by Justice Meisner of Little Rock, June 8, 1900. It was a test case brought by R. W. Walker & Co. against Dickinson Brugman, editor of the Arkansas Gazette, for an ice bill amounting to \$20. Brugman did not deny owing the money, but asserted that the contract was void, inasmuch as Walker was a member of a pool or combination known as the Ice Trust. Ice dealers and manufacturers were placed on the witness stand, who testified that all manufacturers and dealers sold ice at a certain price and required retailers to do likewise.

The court read that part of the statute which provides that if there shall be an understanding between individuals to regulate or fix the price of any manu-

factured article they shall be deemed guilty of a conspiracy to defraud, and held that there was an understanding among the six ice dealers of the city to regulate the price of ice, and, consequently, could not maintain an action for the price of the article sold because it is a contract made in violation of the anti-trust act. Mr. Brugman's object in not paying the bill was to test the law.

A blow at trusts, industrials and all kinds of corporations formed to control some specific commodity has been given in a decision of the appellate division of the Supreme Court of New York.

This decision forbids executors, administrators and guardians of trust estates to invest those funds in the stock of a trust or industrial corporation. It is held by the court that combinations formed to control the market prices are illegal and unauthorized.

The decision was reached in the case of the controversy over the estate of the late Alvah Hall. Portions of the funds were invested in the umbrella trust, which collapsed after an existence of two years. The decision requires that the trustees shall pay over to the estate the sum put into the umbrella trust.

Judge Hutchinson has found the Photo-Engravers' Association of Chicago guilty of conspiracy under the anti-trust law of Illinois. The punishment is a fine of from \$200 to \$1,000, or one year in the county jail, or both fine and imprisonment.

This evidence shows that trusts can be controlled by law and that it is being done.

## CONSOLIDATIONS UNDER THE TEXAS ANTI-TRUST LAW.

Sometimes the law compels the doing of the thing it says shall not be done. The anti-trust law of Texas forbids the consolidation of corporations. Some two years ago there were in San Antonio four corporations; now there are two. A very awkward and expensive course was taken by the state to force this consolidation. The history of the procedure is instructive.

Some New York capitalists, looking for good investments, found in San Antonio four companies occupying the field:

1. San Antonio Gas Company.
2. San Antonio Street Railway Company.
3. Mutual Electric Light Company.
4. San Antonio Edison Company.

The works of these companies needed overhauling and reconstruction to bring them up to date; this required capital. It was calculated, by doing this and consolidating the several corporations so as to eliminate unnecessary expenses and duplications of service, that a reasonable profit could be earned on the capital as increased by the new investment. The stockholders of the companies were bought out, the companies were consolidated, and the new capital was ready for investment. At this point the state instituted quo warranto proceedings to forfeit the char-

ter of the San Antonio Gas Company, alleging that its consolidation with another company was in violation of the anti-trust law. A verdict was rendered for the state, the Appellate Court affirming the decision. The defendants then agreed to a judgment for the state against all four companies, and further proceedings were stopped. Receivers were then appointed for each of the four properties.

In accordance with an order of court, issued on March 5, 1900, in the receivership, April 4 was set as the day of the sale under the foreclosure proceedings. The sale took place on the courthouse steps. The highest bidder offered an aggregate of \$200,000 for the four properties, and they were sold to him under the order of the court at that price. Immediately after the sale he announced that he had made the purchase in the interests of the former owners, and that the properties would be operated by two new companies:

1. San Antonio Traction Company.
2. San Antonio Gas & Electric Light Company.

Both concerns have been chartered under the state laws with a capital stock of \$200,000 each. They have secured the consolidation desired, by order of court, in its attempt to enforce a law expressly prohibiting consolidation.

An interesting phase of this procedure is found in the fact that the people of San Antonio took the affair seriously. The general feeling in that place, and

throughout the state, is one of satisfaction at the preservation of vested interests, though considerable indignation is expressed over the petty persecution of the owners in their effort to retain possession of their property, and the reputation acquired by the state as being opposed to further introduction of outside capital. The Express, the leading paper of San Antonio, states the fact that the "need of Texas is outside capital to develop its resources," and cites several cases where, owing to quo warranto proceedings, proposed large enterprises have been dropped, under the impression that the policy of the state is antagonistic to corporate capital. In this case it says: "While a few lawyers and court officials have made fees, the state has been to great expense, and the owners have been compelled to pay out many thousands of dollars that should have gone into the betterment of the property, that would have redounded to the benefit of the people and the credit of the city. The suits, while successful under the law, were a travesty on common business sense, and an outrage on the defendants and the public."

It might have added, the lesson is worth its cost, as it shows a simple way in which consolidations can be legally effected under an anti-trust law, enacted expressly to prohibit consolidations.

## NO HUMAN LAW IS SO STRONG AS AN ECONOMIC LAW.

We ask special attention to an editorial in the Chicago Evening Post, under the title of "Trusts and Legal Confusion," and to an article to which it refers in the Times-Herald, by Arthur J. Eddy, under the title of "Monopolies, Trusts and Combinations." Mr. Eddy addresses himself to lawyers, students of economics and thoughtful citizens generally rather than to politicians. We are quite sure, however, that no article on the trust question is more worthy of careful study by politicians than the one Mr. Eddy has written without regard to them. If anyone is in doubt about this we ask him to turn at once and carefully read that portion of the article under the subtitle of "Inconsistencies of the Law."

In commending Mr. Eddy's article we wish to dissent from one statement, "Each state has the power to prescribe the terms and conditions upon which it will permit the corporations of other states and countries to do business within its borders, or it may, if it sees fit, arbitrarily exclude them." While reserving the discussion of this statement for another occasion, we will say now that the power to regulate does not include the power to exclude.

With Mr. Eddy's article as a whole we are in most hearty accord. It is one of the soundest studies of the subject we have ever seen. His conclusion is that

"Combinations of capital and combinations of labor have come to stay; they are part of the superb organization which characterizes modern industry and commercial progress; they are the inevitable and legitimate successors of more primitive conditions of trade rivalry and destruction; they are part of the great scheme of co-operation, which is the principal factor in social advancement; they bring persons, localities, states and countries together; they are the foes of war and the allies of peace, and at their best they tend to make the dream of the brotherhood of man a reality."

This summing up is a wonderfully luminous exposure of the ignorance, hypocrisy and cunning with which William J. Bryan has presumed to discuss the question of "trusts" before the American people. His doctrine of annihilation for corporations and hatred for employers by employes is the antithesis of the gospel of "peace on earth and good-will for all men," taught by the Christ in whom he professes to believe. His inordinate ambition has perverted his understanding until he is incapable of distinguishing truth from error. His remedies are the poisons for which he represents them to be true antidotes.

## MOTHERS AND TRUSTS.

Three great authorities (?) on the economic conditions of labor assumed to have been created by trusts are in agreement with regard to their effect on the prospects of young men.

The editor of Harper's Bazar, supposed to be a woman, in its issue for June 23, 1900, under the title of "Mothers and Trusts," wrote as follows:

"This is a woman's cause for hating trusts, for fearing monopolistic tendencies of every sort. Her boy, ours, and yours, are defrauded of their American birthright—liberty and independence—while trusts operate to create a royal descent of money kings to rule the 'common' people. Woman's enmity against trusts is not on economic grounds. It stands on the American principle of liberty and equal rights, and the strength of it is the force of a mother's pride in her son."

In some hour of feminine association Mr. Croker must have read this article and taken from it the tip to square himself with the mothers of sons by raising the cry of "Young men being crushed by the trusts." Certain it is if every mother of a son in New York knew how the American principle of "liberty and equal rights" has been crushed out of the young men in New York by the Tammany organization, not a mother's son of them would vote the Democratic ticket. To attempt to avert such a calamity to its



prestige and to win the votes of young men by championing their cause against trusts was a master stroke of policy, or will be if it succeeds.

So good did this policy appear that it at once attracted the eagle eye of that master fisherman for votes, Bryan. He must be a reader of Harper's Bazar and regard its political wisdom as a little superior to that of the sainted Thomas Jefferson, for these times. Seizing an opportunity to address young men, at the request of a Democratic Commercial Travelers' Association, he delivered an address that should have been published under the title of "Fathers and Trusts," the text of which shows more inspiration from Harper's Bazar than it does from the Bible. But the love of the father for "My son Absalom" was a very fitting bait for sympathetic young men, uninstructed as to the facts, to bite at. The great consolidations were represented as throwing large numbers of young men out of employment and robbing them of opportunity for advancement.

A quietus is given to all this gush and misrepresentation by the following facts:

In 1890 the census reports show 322,638 reporting manufacturing concerns, employing a working force of 4,476,884 persons.

The census for 1900, it is reported, has already received reports from 528,000 manufacturing concerns and the work is far from completed. If the concerns in 1900 employ, on the average, as many persons as

they did in 1890, these 528,000 reporting concerns must be employing about 7,300,000 persons.

This seems to indicate that "Mothers' Sons" can get into business for themselves, or can get a job, if they are built that way. All they need is the American genius for adapting themselves to conditions and hustle.

The truth is the industrial conditions for labor are better now than they have been at any time since 1892. More persons are employed, there are far more manufacturing and industrial enterprises to give them employment, their wages per day are higher and the number of days they are employed in a year are greater.

If every man who knows this by personal experience will vote as he is paid and do all he can to induce all others to do so, election day will not be a national strike for a reduction in wages from McKinley to Cleveland rates.

## TO EDUCATE THE PEOPLE OF A STATE.

Taught by experience, the Ohio State Board of Commerce wisely proposes to conduct a campaign of education throughout the state, so that when the next Legislature convenes every member of it will be familiar with measures that will be proposed for enactment, and with the reasons why they should be enacted. More than this, each member will know that a respectable number of intelligent, thinking people,

making an influential body of their constituents, have been studying these measures, know the sound reasons on which they are supported, and expect their enactment. Against such a preparation no member of the Legislature can offer any defense. It is the business of a representative to represent his constituents intelligently and correctly. If he cannot satisfy his clientele that his actions as their representative have been wise and for the promotion of the general welfare, he cannot expect long to remain their representative. His public life depends upon his ability to have the electors of his district, at least a majority of them, satisfied that his course as a legislator has been guided by a correct understanding of their wishes.

The voter is the source of sovereign power. An ignorant voter cannot use his power wisely any more than an ignorant representative can. If measures based on the propositions announced are to be enacted in form best calculated to promote the general welfare, they must be thoroughly discussed. Every reason favorable or unfavorable to them should be carefully considered. Every voter should be as well informed as the person selected to represent him. To accomplish such a work the great thing to be done is to cause each voter to realize that these questions have a genuine personal interest for himself, and that it is his duty to inform himself about them.

## THE EFFECT OF THE CAMPAIGN UPON THE TRUST QUESTION.

Before the adjournment of Congress the people witnessed shrewd efforts on the part of both parties to manufacture material that would serve their purpose well in the discussion of the trust question during the pending campaign. In the political conventions of both parties the treatment of the trust question was invariably regarded as extra-hazardous. It received the most careful attention that expert and sagacious leaders could give. Inspired with the vital importance of the question, writers of all shades of opinion, of all degrees of mental equipment, of all grades of intellectual and moral fitness, poured forth a torrent of literature far exceeding any man's ability to examine or properly to digest. All of these indications seemed to designate the trust question to be the crucial question of the campaign. But all of these signs have failed. It has not been so. Early in the campaign indications appeared which caused shrewd observers to see that the trust question did not hold the place it had been assigned.

The reason for the collapse of the trust question as an immediate political issue is clearly exposed in the literature for which both parties are sponsors. The discussion soon developed the fact that neither party possessed a monopoly of virtue or intelligence. It was shown, each for the other, that Democrats and

Republicans were equally willing, equally eager, to make money by means of trusts. It was shown, each for itself, that Democratic and Republican speakers, writers and manipulators were equally unprepared to discuss the trust question in the only way in which it can be discussed profitably, purely as a question of economic science. Of denunciation, horse play, vulgar pandering to prejudices, there has been an oversupply. Of clear-cut, scientific elucidation of the economic principles that cause and govern trust formations, and will cause and govern them regardless of existing or to be enacted legislation, just as water will continue to run downhill regardless of what enacted laws may say about it, there has been a great deficiency. The trust question disappeared as a political issue, not because the people do not regard it as being of vital importance, but because of the sameness of the practice of men of both parties. There was not sufficient difference between them to permit them to take sides in a way clearly to separate one party from the other, therefore they could not create an issue out of it. For this reason the campaign, so far as the trust question is concerned, has been one of exposure, not education. It is very doubtful if the net result will be to enable state legislatures or the Congress to deal with the question with any greater ability or intelligence than it displayed during its last sessions. This does not dispose of the trust question, however. It exists and will exist. as all

questions of public policy have existed, until settled correctly. If such a settlement can be made in the next sessions of state legislatures and of the Congress the trust question will entirely disappear as a political issue. If this cannot be done it will become an issue by forcing a separation of those who seek a correct settlement from those who use it merely as a subject for declamation, seeking votes by denunciation and engendering class hatreds, instead of attempting correctly to teach the people. Correct economic principles rightly taught will broaden the idea of brotherhood in the minds of men until it obliterates all class distinctions and shows to each that his welfare cannot be truly served at the expense of another. When men are intelligent enough to see this they will settle the trust question correctly.

### LAWS MADE BY THE MONEY POWER.

"The Bugbear of the Money Power" is the title of an editorial in the New York Journal of Commerce. Power over men and power over material things are two very different kinds of power. Men are employed and receive material things in payment. Men of wealth, by this means, can employ persons and the press to advocate policies designed to secure undue advantages for themselves, but the advocates of such policies do not permanently acquire power over men. The logic of events is merciless. The soundness of a public policy must be demonstrated by the test of

time if those who advocate it are to acquire power over the minds of those to whom they appeal.

Progress is being made toward industrial liberty for the masses by increased compensation in comparison with the costs of supplying wants. The discontent arises because it is easier for every man to increase wants than to increase income. And it is because this is so that hope for future progress has sound reason for existence. There may be those who only rely upon the use of money to secure the enactment of measures in which they are interested. These measures are not necessarily contrary to the general welfare. They may be, and often are, as essential for the general good as for the interests of the persons seeking them. It costs as much money to secure the enactment of a thoroughly sound measure as it does a thoroughly dishonest measure. In this behalf it is only necessary to refer to the work and money that it has been necessary to expend for the purpose of placing and keeping the monetary system of this country on a sound basis. And that work is not yet done. Money must be spent to educate voters or to buy legislation from their representatives. The difference between laws enacted by educating voters and those enacted by buying legislation is very marked. Only honest measures based on sound reasons can be enacted as the result of educational work, while unjust measures seek immunity from lack of publicity. When those having money seek power over men by educating them to a correct

understanding of sound measures of public policy, they take a course that will commend the approval of every honest, intelligent person. Only in this way can the true good of all the people be promoted. An honest, intelligent plutocracy is the only means by which the interests of an ignorant democracy can be safeguarded and correctly served.

### THE MAN AND THE DOLLAR.

The effort to win popularity by holding the man above the dollar will fail with all who can see things in their true relation and can think clearly and accurately about them. No one values money more than life. No one wants a moneyless life. Those who proclaim with great unction their great love for man, as a means of winning support for their cause, hold certain theories of public policy which, if enacted, they profess to believe will make the great mass of men better off, will help them to secure more dollars. All their rhetoric about the man and the dollar simply means they want things so ordered that the man can have more dollars. Should they deny this, should they avow that it is not their purpose to put money into the pockets of their followers, they would soon be without followers, because the rank and file of all parties know what they want. They want more money and they support the policies advocated by their leaders because they believe they are to be benefited by doing so.



The wages of men and of money infallibly test the soundness of public policy. The men who obtain money by working for it are the millions. Those who obtain money by securing pay for its use are the millionaires. Those who intelligently serve men so order conditions that the wages of men rise, while the wages of money fall. Such a condition cannot exist where there is instability in monetary affairs, resulting from unsound public policy regarding the unit of value, and the kind of money in which obligations may be paid.

The Republican party is denounced for having established a gold standard and maintained a protective tariff. It is called the party of the money power. This is true, and it has used its power to raise the wages of men and to decrease the wages of money. An article from the Hartford Courant, under the title of "Wages of Men and of Money," shows that workmen are daily experiencing the fact that they are getting more money than they once did, while bondholders are also experiencing the reverse fact and find it impossible to get even half as much as they once did. Is not this doing more for men as men than for dollars as dollars?

A man who has no money, so long as he is in that condition, is as well off under the administration of one party as of the other. He is at financial zero. It makes no difference to him what kind of money others have, paper, silver or gold, so long as he has

none. Having none, if he wants none, he might as well be a 16 to 1 popocrat as a gold Democrat. He has no need to cross over the line from one party to the other. A story taken from the Cleveland Leader illustrates this point:

NO NEED TO CROSS.

Booker T. Washington told the following story of a member of the "po'h white trash" who endeavored to cross a stream by means of a ferry owned by a black man.

"Uncle Mose," said the white man, "I want to cross, but I hain't got no money."

Uncle Mose scratched his head. "Doan' you got no money 't all?" he queried.

"No," said the wayfaring stranger, "I haven't a cent."

"But it don' cost you but three cents," insisted Uncle Mose, "to cross de ferry."

"I know," said the white man, "but I haven't got the three cents."

Uncle Mose was in a quandary. "Boss," he said, "I done tole you what. 'Er man what's got no three cents am jes' ez well off on dis side er de river as on de odder."

## A THRIFTY MONEY LENDER.

In 1870 a depositor put \$440 in a savings bank. In 1875 \$450 was deposited. In 1888 \$100 was withdrawn. The total deposit was \$890, less \$100, leaving \$790 of principal. When this account was written up for June 30, 1900, the accumulated dividends amounted to \$1,700, making the amount now due the depositor, \$2,690. This is a good example of what thrift and a stable currency can accomplish. The owner of this bank book can now draw this money in gold or in currency that he can exchange at par for gold. If the gold standard is overthrown and the monetary system is based on the free coinage of silver this depositor will be paid in silver having less than one-half the purchasing power of the gold he may now have. If he has other money due him his debtor would also pay him in silver. That is the reason originally given for advocating the free coinage of silver. It was to have a cheaper dollar to pay debts with. Bankers would pay their debts to depositors in silver dollars and gain the difference in value between silver and gold. Farmers, for whose benefit cheap dollars were originally demanded, would be the class who would secure the least benefit from the scheme. The purchasing power of the people would be reduced because the money they would receive for wages or their products would be cheapened to less than half the present value of money. When this occurs buyers of

farm products will resist the raising of prices while making payments in the cheap money they have received. Is it not better to protect the money in savings banks and thus encourage all who wish to become thrifty money lenders, than to attempt to secure greater prosperity than we now have by taking the risk of the greatest panic ever known?

### MONEY PLENTY AND CHEAP.

If representations of free silver advocates were true, that gold bugs wanted to establish a single gold standard, so they could make money scarce and dear and thus squeeze debtors into paying debts with money having a greater purchasing power than the money they borrowed, the gold bugs have made a most lamentable failure. Instead of appreciating, money in the United States has steadily tended to become more abundant and to fall in value ever since Bryan's defeat in 1896. Then we were a debtor nation; now we are a creditor nation and have this year loaned money to foreign countries at higher rates of interest than some of our municipal governments pay on their bonds. New York and St. Paul have obtained, and New Orleans will do so, if Bryan is again defeated, all the money they have offered their securities for at 3 per cent. These cities represent different sections of the country. Their experience shows that money is cheaper and more abundant throughout the country than it has ever before been.

Experience proves that the gold bugs have been badly beaten at their own game, or else they were not trying to make money scarce and dear, and the great champion of 16 to 1, and all advocates of the free silver fallacy have been lying about them.

**\$228,000,000 LOANED TO FOREIGNERS THIS YEAR.**

Foreign loans taken by United States investors during the year 1900 are as follows:

February 28, Russian Trans-Siberian loan.	\$30,000,000
March 9, British Consul loan.....	10,000,000
March 16, loan to Bank of France.....	15,000,000
June 3, Mexican refunding loan.....	115,000,000
August 4, British exchequer loan.....	28,000,000
September 14, German loan.....	20,000,000
September 14, Swedish government loan.	10,000,000
Total .....	<u>\$228,000,000</u>

This fact proves so conclusively that those who predicted such fearful results if McKinley should be elected and the gold standard established did not know what they were talking about. It is inconceivable that intelligent voters should now trust to their judgment on the money or any other question of public policy.

All of these foreign loans are specifically payable in gold. If New Orleans and other cities in this country expect to sell bonds payable in "current funds of the United States," at par bearing 3 per cent interest, they must make it certain that "current

funds of the United States" and gold shall be convertible at par. Failing in this, they will not be able to sell their bonds on these terms. Gold is the only standard that makes money plenty and cheap. Those who vote in favor of the free silver candidate will vote for making money scarce and dear in the United States, as it is in all free silver countries.

#### STABILITY IN THE UNIT OF VALUE INSURES PROSPERITY—A NATURAL LAW OF MONEY.

Few persons realize the influence of the unit of value upon every monetary transaction. The pocketbook nerve is the most sensitive indicator of industrial and financial conditions known. The unit of value measures, but it does not determine value. Its stability is entirely dependent upon the fact that it shall always mean the same thing. A copper, silver or gold unit of value can all have equal stability by a simple adoption of them and never permitting the continued use of the adopted standard to be questioned. The paramount issue in monetary affairs is certainty. A fixed number of pounds of copper, ounces of silver or grains of gold legally declared to be one dollar, and the unit of the monetary system of the United States, would perform the function of a measure of value equally well, provided the commercial value of the metals was equally stable, omitting convenience. But the moment a change in the unit is seriously discussed its stability

is impaired. A change in the unit, no matter for what cause made, or in what direction, will unsettle business by causing uncertainty. If a change is decided upon unsettled conditions will prevail until the necessary adjustments have been made, after which certainty will exist in exact relation to the stability of the value of the unit. The ideal for which all sagacious nations strive is to secure a unit of value to which they can give the stability of an unchangeable law, and the value of which will change the least in estimation of the commercial world.

In the monetary system of the United States the measure of the money unit is twenty-five and eight-tenths grains of gold of standard fineness. All values are stated in dollars, but the language means so much gold. No matter what is bought or sold, the price represents as many grains of gold, at the rate of twenty-five and eight-tenths grain per dollar, as there are dollars. The unit never changes, because it is always so much gold by weight. The value of the unit may change, because its fixed weight of gold may not always be held in the same estimation by the commercial world. The liability to change on this account, however, is not appreciable, because the units of the monetary systems of every commercial nation are measured by grains of gold. This fact makes a grain of gold the true unit of value for the commercial world. In computing the value of all obligations, prices or money in international transactions one grain

of gold is invariably the common denominator. This makes the value of gold changeless and gives absolute stability to the value of the unit of all monetary systems, the unit of which is measured by grains of gold.

Certainty is the positive pole of the magnet that controls the movements of the capital of the world. Where there is greatest certainty there money is invariably cheapest. Where money is cheapest wages are highest and all commodities appreciate in price, because high wages expands the market to the extent to which a raise in wages expands the purchasing power of the masses. This is a natural law of money which cannot be changed by any human enactment. The law is just as true when stated in the reverse. Uncertainty is the negative pole of the magnet that controls the movements of the capital of the world. Where there is greatest uncertainty there money is invariably dearest. Where money is dearest wages are lowest and all commodities depreciate in price because low wages contract the market to the extent to which a fall in wages contracts the purchasing power of the masses.

The monetary history of the United States during the last eight years is a record of experience which should clearly demonstrate the immutability of this law of money to the understanding of all persons. It should make it as impossible to develop a theory of finance before them, not in accord with it, as it would be for a person unable to apply the simple rules of



addition, subtraction, multiplication and division to convince them of his ability to keep accounts. Every person who has borrowed money, sold his labor or any commodity produced by him; every person who has bought or sold anything during the last eight years, has experienced the effect of uncertainty in the first instance and of certainty in the second. If he is capable of rightly interpreting his experience he is able to convince himself, if he did not before know it, that all the teachers of the doctrines of the free silver propaganda are either ignorant of this natural law of money or they are guilty of voluntary error. No person having this intelligence can honestly support a cause he knows to be wrong. The question of the stability of the measure of the money unit should now be closed to debate. Approved by the intelligence of the nation, it should stand as unquestioned as the nation's honor.

#### CALAMITY AND THE GOLD STANDARD.

The people of this country must have very short memories if they do not remember the prophecies of Bryan and his followers, during the campaign of 1896, who proclaimed from one end of the country to the other that dire calamity was sure to follow the defeat of the cause of free silver. Of all classes most to be punished for permitting themselves to be crucified on a cross of gold the farmers of the country were selected as the ones to be hardest hit. The gold stand-

ard has been maintained, and we hope permanently established. Where is the calamity?

In 1894-95 farmers in the Dakotas, Nebraska and Kansas paid 10 to 12 per cent interest and 5 per cent commission for money loaned on security of their farms. They paid 3 to 4 per cent a month for money loaned on security of their crops. Now they can get all the money they want at from 5 to 6 per cent without commission. More than this, old mortgages are being paid off, at a rate never possible before. The record of mortgage payments in Nebraska, the calamity-breeding center of the country, the home of the father of false prophecies, is as follows:

1897—Mortgages paid.....	\$19,000,000
1898—Mortgages paid.....	49,000,000
1899—Mortgages paid.....	78,000,000
Total mortgages paid in three years	
of the gold standard.....	\$146,000,000

On evidence like this, facts, not prophecies, every voter who follows common sense instead of prejudice must vote against the free silver advocate and for the gold standard.

A CORRECT DEPARTURE IN THE SALE  
OF MUNICIPAL BONDS.

In offering a new issue of fifty-year public improvement bonds, the city of New Orleans has adopted the proposition that bonds should be offered at par to the buyer who will bid the lowest rate of interest. The immediate reason for taking this course is to secure the largest possible amount of money for a fixed rate of annual expense on interest account. How the interest rate will affect the result is shown by the following statement:

\$12,000,000 at 4 per cent annual interest....	\$480,000
\$14,000,000 at 3½ per cent annual interest..	490,000
\$16,000,000 at 3 per cent annual interest....	480,000

The city can issue \$4,000,000 more bonds at 3 per cent than it can at 4 per cent, for the same aggregate annual interest payment. This \$4,000,000 will go far in developing the scheme of public improvements the city desires to undertake.

Sixteen million dollars of fifty-year bonds of the city of New Orleans should find a ready sale, and will, unless investors are caused to hesitate on account of the provision that the principal and interest is payable "in lawful money of the United States." Whoever buys these bonds will pay for them in gold and will want a reasonable assurance that they will receive gold in return. If the southern states are successful in their attempt to elect Bryan and degrade the "law-

ful money of the United States" from a gold to a silver basis, the investor who pays gold for these bonds will have to secure 9 per cent interest, instead of 3, to make good the loss in the value of his principal and interest, and to secure a rate of interest the equivalent of 3 per cent in gold. In the light of this fact it behooves the citizens of New Orleans to make it certain that the gold standard shall be maintained beyond a doubt, as the result of the presidential election. With this result United States investors will have an abundance of money to loan to New Orleans or any other southern city of equal standing, at 3 per cent. On the other hand, if the free silver candidate is elected these bonds cannot be sold in the United States or in any other market until the people of this country have had time to pass through the inevitable ordeal of suffering that will follow, and give evidence of returning sanity. No business man can cast a vote for free silver intelligently if his object is to serve his own and his country's welfare. The rates for money in all silver standard countries are double the rates in all gold standard countries. In the face of this fact advocates of free silver pretend that they can make money, plenty and cheap, by adopting their way of helping borrowers by attempting to rob creditors.

**\$90,000,000,000.**

The aggregate wealth of the United States is now estimated at \$90,000,000,000, an average of \$1,200 per head of the entire population. The accumulation

during the ten years ending with 1890 amounted to about 11 cents per day per inhabitant. This means a daily increment of about \$7,000,000.

After allowing the full amount represented to have been absorbed by trusts and the millionaires, by the most romantic octopus hater, it will be seen there still remains an enormous amount of wealth distributed among the people, of which they have not been robbed.

The largest single item of invested capital is credited to railroads, \$1,600,000,000. Against this item there stands to the credit of depositors in savings banks \$2,500,000,000. It will be seen that savings bank depositors have the ability to pay spot cash for all the railroads in the country, taken at their full capitalization, and have \$900,000,000 left in bank to their credit. These figures show how vastly greater the millions of the many are than the millions of the few, and make all the talk about trusts and the money power reducing the people to a condition of vassalage worse than foolish; it is a positive imposition upon those who are unfortunate enough to have become dependent upon such teachers for their information.

### THE MILLIONS OF THE MANY.

Since 1896 savings banks and commercial deposits have increased from 50 to 120 per cent. Municipalities now borrow money at rates averaging more than one-half of 1 per cent less than in 1896. The city of Lincoln, Neb., in which Mr. Bryan, the calamity pre-

dicator, resides, now sells 4 per cent bonds at a premium, whereas four years ago it had difficulty in floating bonds at 6 per cent. Farm values in many sections have almost doubled; about 50 per cent of the mortgages have been paid off and much of the balance has been renewed at a lower rate of interest, with payment privileges. Twenty-five per cent of the debtor class of 1896 is now lending money in competition with the gold bugs of that date. No change has occurred in the assurance with which the calamity predictors of 1896 now predict several varieties of calamity if they are not permitted to save the country from imperialism, militarism, trustism, gold standardism and prosperity.

Some politicians have the courage to declare that the great corporation capitalists are absorbing the money of the country. Look at the following statement and believe them if you can:

1900—Total savings bank deposits....\$2,430,561,290

1896—Total savings bank deposits.... 1,907,156,277

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Total increase since Bryan's defeat..\$523,405,013

1900—Number of savings bank depositors.6,202,779

1896—Number of savings bank depositors.5,065,494

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Total increase since Bryan's defeat....1,137,285

Bryan is still urging the adoption of the silver standard. To-day every dollar deposited in savings banks can be drawn in gold or in a currency that can be exchanged for gold. If the silver standard is established

as the result of Bryan's election all of this vast sum can be paid in silver dollars worth, under those conditions, only fifty cents. Instead of being a friend of workingmen, Bryan is their worst enemy. His policy will not only deprive them of the means of saving money, it will rob them of half the value of what they have already saved. A silver dollar and a gold dollar will not have the same purchasing power under a free coinage system, because each will then have no more than its bullion value. A thousand dollars in silver under a free coinage system will have less than half the purchasing power of a thousand dollars now. A silverite can understand this better, perhaps, if he remembers that he desires to halve the dollar in order to double prices. If prices are doubled it will not take depositors in savings banks long to find out that they have in reserve only half the purchasing power they now suppose they have. What a pity it is that the voters among the six millions of savings bank depositors cannot understand these conditions as they really exist and as they will exist if they succeed in electing Mr. Bryan. Then their calamity will surely come.

## HARD FACTS FOR SILVER BRYAN.

There has been some speculation of late as to just why Mr. Bryan has had so little silver in his voice. Many reasons, all good, have been given, but may not the real reason be found in the ingratitude silver has shown by increasing in value, in sympathy with all other commodities, under the grinding greed of the gold standard? Four years ago the knight of the silver hobby declared with strenuous persistency that:

"If McKinley and the Republican party are successful and put in power for the next four years wages will be decreased, hard times will come upon us and over the land, the price of wheat will go down and the price of gold will go up; mortgages on our homes will be foreclosed by the money lenders; shops and factories will close. We will export no goods and we will import from foreign lands all the goods we use; thus will ruin, want and misery be with us."

Were these statements made to deceive or were they inspired by ignorance? Let those who profess admiration for Mr. Bryan answer. Here are the facts:

Wheat, corn, cotton, animal products, are all selling for higher prices now than in 1896, and payments are made in gold.

There are more shops and factories open, more persons are employed for a larger number of days per year and at higher wages than in 1896, and payments are made in gold.



More mortgages have been paid since 1896 than during any period of four years in the history of this country. Every new mortgage carries a less rate of interest than in 1896. This is a result of the unprecedented production of agricultural, mining and manufactured commodities, which have been exported in volume and value never claimed to be possible by the most enthusiastic advocates of a protective tariff and the gold standard, for which all payments are made in gold.

Gold and the value of money, measured by the standard of the price of wages, or any commodity, has fallen in value, and it is the only thing that has fallen in value since the success of the Republican party in 1896.

#### SILVER—UNGRATEFUL SILVER.

Silver has appreciated in value, or, if the Bryan theory that its value cannot change is true, then gold has depreciated in comparison with silver since the gold standard victory of 1896.

In 1896 the government paid 47 cents per ounce for silver.

In 1900 the government is paying 57 cents per ounce for silver.

As the mint uses the standard ounce as the unit of purchase, and 10 per cent alloy is allowed, the price fixed by the director of the mint, October 1, 1900, is as good as 62½ cents an ounce. The government buys silver for the manufacture of subsidiary coins.

The rise in the price of silver bullion has enhanced the value of the silver coins of other countries, and the director of the mint has readjusted the schedule of values for foreign coins accordingly.

Mexican dollars have been raised from 47.6 to 49 cents.

China taels have been raised from 72.1 to 74.2 cents.

Indian rupees have been raised from 20.8 to 32.4 cents.

India having adopted the gold standard and the British sovereign become the unit of money values, the rupee assumes a new importance. It is the money of account and exchange and is convertible into English sovereigns at the rate of fifteen to one. This has increased its value in other countries about 60 per cent.

What havoc this increasing price of silver is working with the silver literature and oratory of 1896! How abject is the failure of the conspiracy of the gold bugs to make silver and all other things cheap and gold dear! The whole nation laughs while Bryan weeps over the ingratitude of his idol—silver—in joining with all other commodities to prove his assertions as to results of the adoption of the gold standard false. They were made to deceive, or they were made in ignorance. Since the course of silver has exposed him, well may Bryan exclaim, "The day of our calamity has come!!!"

## NOT CONTENT WITH THE WAY IN WHICH THEIR DEMAND HAS BEEN SATISFIED.

"We demand a raise in prices, and to this end the free and unlimited coinage of silver." This was the demand voiced by the silver trust, speaking through the declarations of the Populist and Democratic parties in 1896. Four years have passed. Prices have been raised and they are gold standard prices; not prices inflated by the use of a depreciated coinage. This fact has given occasion for a new howl of dissatisfaction from those who furnished the literature and oratory for the "higher prices and free silver" crusade. Lists are published, showing how food products have been raised in price, with a seeming expectation that all the farmers in the land who know they are obtaining higher prices for their products and are rejoicing in that fact, will prove themselves guilty of criminal practices, by voting against the continuation of the public policies that have made higher prices on a gold basis possible.

Every laborer employed in the building trades, and every laborer employed in the preparation of all the materials used in the construction of buildings, knows that he can now have more days' work in a year and at better wages than he could a few years ago, and is rejoicing in that fact. But there are those who are trying to create the impression that someone has been guilty of a great crime when all of these increases of

wages are added and the total is given in the increased cost of a building. How in the name of errorless rules of mathematics can anyone expect, even though a Democrat, Populist or reformer, that wages for all labor, however employed, can be increased without increasing the cost of buildings?

The Rev. Charles M. Sheldon, in the Iowa Unionist, for August, 1900, instead of rejoicing with the farmer and American workmen because they are getting better prices for their produce and their labor, wails in the following illogical style:

"It costs twice as much to build a house now in America, where I live (Kansas), as it did eight years ago. Why?

"Not because building material is any scarcer. Not because timber and stone and iron and mortar are any less common than they used to be, but simply because men who have this Anglo-Saxon acquisitiveness, and this power to make wealth rapidly, have combined their energies."

Labor and capital in combination are trying to make money for themselves; that their acquisitiveness is being satisfied to some extent is proved by the way deposits in savings banks are growing and farm mortgages are disappearing. This should cause the Rev. Charles Sheldon to rejoice, but it doesn't. Continuing, he says:

"They have seized upon the common necessities of life, things which you and I cannot live without and

develop as God wants us to develop—they have seized on these common necessities and then have charged for their use what they please; and now it costs twice as much to build a human dwelling in the state where I live as it did eight years ago simply on this account.”

True enough. If every workingman will read this statement in the reverse, it is simply a demand to have wages reduced so that all material and all labor used in the construction of a “human dwelling” or a barn for the live stock may cost fifty per cent less than it does now. Those who decry the means by which prices have been raised are simply demanding that prices shall be reduced. Not because it is a crime to raise wages, but because it is not done in their way. To protect themselves from confessing the real cause of their discontent these Cassandries kick up a great dust about trusts. The Rev. Charles Sheldon lays all the blame for the prosperity now enjoyed by farmers and wage-earners onto the trusts. We should think he would fear to do so lest these farmers and wage-earners who are rejoicing in the prosperity they are enjoying, guided by his discovery of the course of their prosperity, should give a vote of thanks to the trusts, and a political vote to sustain the party charged with encouraging them. He further says:

“The gigantic formations of capital which have seized upon almost everything which belongs to the

necessities of human life is one of the signs of the times in my beloved land."

So it is, and the contrast between the conditions which the people of this whole country, and the state of Kansas in particular, now enjoy, and conditions fifty years ago, when nothing had been seized upon, is one of the wonders of the world, the most marvelous industrial development known in history.

If Populists, Democrats and reformers wish to annihilate trusts, as they profess, they must stop giving credit to the trusts for the prosperity farmers and wage-earners are enjoying. If they don't, they will make a lot of votes for the trusts.

### THE GOSPEL OF HATE.

A person may make a mistake once and recover from it, but no person can continue to make the same mistake from the same causes without suffering the inevitable fatal consequences. Four years ago this country was surprised by the preaching of the gospel of hate by William J. Bryan, a candidate for the presidency of the United States. Sagacious observers who had closely studied the methods used by Bryan to gain power and the doctrines taught by him classed him as the most dangerous public man this country had produced since Benedict Arnold. Notwithstanding this, the bogie of party regularity, the lash of discontent and the poison of prejudice came dangerously near electing him. There were many

who feared the results of his teaching the gospel of hate and hypocrisy would be far-reaching and lasting.

The betterment of conditions for all of the people, which commenced so soon after Bryan's defeat in 1896, and has continued with increasing force up to date, seemed to cause men to forget the gospel of hate and adopt the gospel of hope. Reasoning from the logic of cause and effect, many supposed the discipline of defeat, the ripening influence of four years which might have been devoted to study and reflection, and the appearance of new issues of high importance would make Mr. Bryan a far safer man in 1900 than he was in 1896. Before the holding of the national conventions, and while the national committees were laying out the work of the campaign, Mr. Bryan's deportment seemed to confirm this judgment. But since the work of the campaign became exacting, as the pressure increased and the probability of defeat grew more certain, Mr. Bryan has become more and more desperate, until he has thrown all semblance of conservatism to the winds and has again appeared in his true character, an exponent of all the evil civilization has failed to eliminate from human affairs.

The gospel of hate is the doctrine of savages. Identity of interests and mutual respect for common rights are the cohesive forces of civilization. The more civilized men become the easier it is for them to work together on terms of mutual confidence. The teach-

ing of the gospel of hate is a crime for which no honest, intelligent man can find justification. As preached by Mr. Bryan it is doubly vicious, as it carries with it the power of a man many believe to be honest and intelligent, and the prestige of his leadership of a composite political organization which has by force of adoption, come to be known by his name—Bryanism. He has arrayed under his leadership all the forces of social discontent and anarchy, encouraging the debtor to think of the creditor as an oppressor and the idle and thriftless man to think of the savings of laborious toil and the reward of business energy and skill as robbery from himself. He has lighted the torch of war on property and is waving it in the face of a sober, industrious, contented people, who would be the chief sufferers by its depredations. All the venom of four years ago has been deliberately thought over and wrought over, with new features added, and poured forth with the whirlwind of words that was such a marked feature of Mr. Bryan's campaign in 1896. Then there was no "militarism," but now, with all the gloating glee of a fiend, Mr. Bryan insults the intelligence of the American people and of the world with the monstrous accusation that Republicans want a great army in order to build forts near every great city to overawe the workingmen. We cannot characterize this diabolical charge in any better terms than those used by the Vicksburg Herald, which says: "This wanton suggestion of such use



of the army is an insult to the intelligent and liberty-loving American people," and adds: "So far as the Herald is concerned, we reject Mr. Bryan, his heresies and his fallacies, in deference to such self-respect as depends upon fidelity to convictions of right and civic duty." This shows that Bryan's attempt to arouse class hatred is looked upon with the same disgust in the South as in the North, where the reaction against this incendiary provocation has broken over party lines and united Republicans and Democrats in a determination to put an end to this recurring menace to business and property, this raid on the savings of the poor and the accumulations of the well-to-do under cover of a communistic attack on great fortunes. So marked has this effect been, Mr. George E. Green, chairman of the Broome County (N. Y.) Republican Committee, announced that the committee would pay all expenses if Mr. Bryan would return and repeat his speech. Chairman Green says nothing during the campaign in that vicinity made so many votes for Mr. McKinley as Bryan's speeches.

A person or a political party may make a mistake once and still command the respect of contemporaries, but if the mistake is repeated too often they will be judged imbeciles or fools. This will be the verdict of history on the Democratic party if it now fails to separate itself absolutely from Bryanism.

All Democrats who have not turned Populists or worse, have been suffering in a political slavery of

the most galling kind. They have been compelled to support a party which they have been accustomed to regard as the opposite of their own convictions. Bryanism has become to them so intolerable they are compelled to vote for McKinley, having no other choice. Evidence is increasing all over the country of a settled determination on the part of all true Democrats to get rid of Bryan once for all and cleanse the party of his follies and mischiefs by a thorough reorganization. This purpose has always been present among Democrats—even those that made a fetich of regularity—and passively connived at his nomination. Now they are coming out into the open with the increasing justification of Bryan's assaults on property and business and the revival of his gospel of hate. The day of deliverance will be when there comes a Democratic reorganization drastic enough to purge from the party all trace of Bryanism.

## GOING HOME FOR THE SAKE OF REGULARITY.

Four years ago the brains of the Democratic party were blown out by a prearranged whirlwind of Populistic frenzy at Chicago. The party was assassinated in the hall of its own convention. The best blood of the Democratic party, the only men who have had the ability to place the party in power for forty years, the men who are Democrats by force of reason, not by force of tradition, refused to be disloyal to their principles, to identify themselves with the mongrel crowd who had captured the party name and standard and gained control of the party machinery. Clothed with principles which they believed, respecting themselves and commanding the respect of all honest, intelligent men, in the name of a Democracy they had honored and still seek to honor, they did what they could to defeat the unscrupulous tricksters who had grasped the power of the party in an effort to grasp the power of the government. Their attempt succeeded, and now, with the recurrence of another presidential election, they find themselves shut out from their party by usurpers, on the plea of regularity.

There are those who will serve a party for what the party can do for them. To such regularity is necessary to life. Among those who stood aloof in 1896 there are some who believe the managers of the party cannot survive another defeat, and they be-

lieve a second defeat is certain. Believing this they have made rags of the principles with which they clothed themselves in 1896 and are going home, "all tattered and torn," to secure the advantage of being regular, in order to be in line for promotion when a reorganization forced by defeat occurs. No better evidence has been given of the approaching collapse of Bryanism than is afforded by the return of these wanderers to the party affiliations that can stamp them "regular" for future use. The aspect they present on their lonely march would be ludicrous if it were not so serious. Their going is not prompted by faith in a victory for those now managing the party, but by faith in their defeat. When the disaster comes these men hope to grasp power and effect a reorganization by which they can gain prestige and win distinction. Do they read the signs of the times aright? We think not.



GOING HOME.

The defeat of the men who have debauched the Democratic party will be so overwhelming they will have no power to dictate the policy of the party in the future. The solid South will realize that their

only hope of ever again becoming a controlling factor in national politics lies in affiliation with the brains of the party in the North and West, with which they parted company under the lash of regularity and the blind following of traditions. When the day for reorganization comes they will welcome all who are willing to come to their rescue and will prize as worthy of highest honors those who have dared to be right at the expense of being regular. They will know that such men are the only ones capable of giving to the reorganized party that quality of stanch stability it must have if it is ever again to be led to victory. By the aid of such men, on the grave of its dead self, the party will rise again. But this cannot be until Mr. Bryan is thoroughly defeated and the political heresies for which he stands swept out of existence. Room will thus be made for the reestablishment of the principles which made the Democratic party for so long a time respectable and powerful. All true Democrats know Bryanism has caused the death of their party. They know the cause of death cannot become the cause of a return of life. Only when Bryanism is dead beyond power of resurrection can all Democrats unite to restore the old party to life, honor and usefulness.

## SOUTHERN PATRIOTISM, TRADITIONS AND DUTY.

When the call to arms was given for a war with Spain the southern states proved their patriotism and won the applause of the civilized world. The exhibition of purpose and power made when, by a solid vote, the representatives of the people in Congress assembled voted the sinews of war, won for this nation a world prestige and brought that confidence of which success is born, to the heart of every citizen. To a foreign foe the republic stands as a unit for the defense of the honor and integrity of its people. There is not a man in the South who does not feel proud of his share in the onward sweep of the nation to its greater sphere of influence and usefulness.

True patriotism will stand ready to destroy domestic, as foreign foes. The victories of war are brilliant as the stroke of lightning, but the victories of peace are as glorious as the full-born day. Opportunity has come for a victory of peace that will serve the domestic welfare of the country for a century. Men who do not hesitate to sacrifice their lives should have sufficient courage to disregard traditions when the issue is a service for the best interest of the country, instead of a defense of the flag. A southern father wrote from the deathbed of his son, killed by a bullet fired by a Tagal insurgent:

"We pay for the sake of all who have fallen there

(in the Philippine Islands) in defense of our country's honor that the flag under which they sacrificed their lives may never be pulled down."

With equal fervor and no less patriotism, there are men and women all over the country who are praying and working to prevent the adoption of unsound public policies, which, if adopted, are certain to smother the glowing life of our prosperity with the black mantle of despair. He loves his country best who serves its welfare best. Shall the patriotism of the South prove itself unequal to the defense of the country's prosperity, in which the South is sharing so bountifully? Why this generally accepted assumption that the South is governed by traditions and not by reason? The leading papers of the South are replete with evidence of the prosperity that section is enjoying, but no evidence is given that the vote of the South will be in favor of maintaining the policies that have made this prosperity possible. General W. H. Jackson of Tennessee says: "If Bryan is elected business will go to hell, but I am going to vote for Bryan, anyhow." There is not a leading paper in the South that has not given evidence showing it knows the theories of government advocated by Bryan are not best for the welfare of the country, and are not in harmony with the teachings of the fathers whom they honor. They are making the mistake of following the shadow, the name of Democracy, and forsaking its substance, its principles. They know

that Bryanism will destroy the prestige of the nation abroad and its prosperity at home, and yet they say no words of sincere power to dissuade the people of the South from voting for Bryan and honor, Bryan and calamity.

THE SOUTHERN STATES SHOULD MAKE THE ELECTION  
UNANIMOUS.

We have no interest in the selfish ambition of men seeking office. It is our duty to know what is best for the people of the United States. Love of country is a good foundation for political judgment. The success of Bryanism is the greatest danger that now threatens the welfare of the republic. It will be opposed by a solid North and West. Why not by a solid South? The best Democratic element in the North is now cherishing the one hope that this election will finally remove Bryan and his specious theories of government from future consideration, and that the old Democratic party, grandly arising from the wrecks of two consecutive defeats under Bryan's leadership, will represent once more the principles which will solidify the true Democracy. If the traditions of the South mean loyalty to the Democratic party, then, by all the force of logic and the genius of party prestige, it is made the duty of the South to correct the error of following those who have divided the party and made the North solid. By boldly making the election of McKinley unanimous, and it has the power to do



so, the South will not only crush Bryanism and reunite all Democrats; it will bring into existence a new Democracy that will draw to itself strong men from all sections and create a controlling force in national politics that will make for the public welfare.

Dropping the purely political aspect of the subject, we ask the people of the South, in all seriousness, to estimate the tremendous possibilities for the prestige and prosperity of the republic abroad and at home that can reasonably be expected to result from the unanimous election of Mr. McKinley by the electoral college. Such an action will clear the field of all dangerous issues and open the way for a future, the greatness of which none can estimate. It will demonstrate that the American people, North and South, East and West, are governed by reason, not by traditions and prejudices. It will establish the success of government by the people so firmly that every monarchy and empire in the world will see the day of its transformation into republics fast approaching. Will the people of the South fail to interpret rightly the trend of events and miss the opportunity to do a service for themselves and their country that will make not only the whole country, but the world, their debtors? Their patriotism, their traditions and their duty unite in commanding them to vote with the East, the North and the West to uphold all that is good and discard all that is vicious in the public policies that are to be perpetuated by the action of the people at this election. By doing this

the South will again become a factor in national politics. It will cease to stand for a class: It will speak for the nation.

No stronger plea in this behalf can be made than that uttered by the Hon. James H. Eckels:

"Fellow citizens, in the interest of good government, conservative administration, sound economic laws, full and fair regard for personal and property rights, the elimination of class distinctions, the wiping out of class prejudices, the dignity and power of law, I ask you to sustain the administration and defeat a Bryanized and emasculated Democracy. In such a course lies assurance of preserving for your children's children, untarnished in all their integrity, those best traditions of the republic which in the past have added splendid luster to American citizenship and people, and in the future will gain for them a still greater weight of glory."

#### THE VOTE OF THE ELECTORAL COLLEGE SHOULD BE UNANIMOUS.

No human mind can fully portray the immediate, far-reaching and enduring benefits that will accrue to the people of this country if the presidential electors of every state are instructed to cast their vote in the electoral college for William McKinley and Theodore Roosevelt. Such action will so settle grave questions of public policy as to make an enormous gain for domestic welfare, national prestige and world civilization. It will demonstrate the ability of

the American people to govern themselves. It will destroy the last vestige of sectional prejudice. It will compel all world powers to acknowledge the stability, power and righteousness of the American republic.

Had the election of 1896 resulted as the election of 1900 will result if patriotism and common sense are allowed to guide the actions of all voters, North and South, East or West, Bryanism would not have survived such a crushing defeat a single day. The Democratic party would now be united, and controlled by men of honor, ability and rare sagacity, worthy to be entrusted with power.

The benefits that will accrue to the people if this election is made unanimous can be faintly depicted by contemplation of the benefits that would have accrued to the Democratic party, to all of the people of this country and of the world, had the election of 1896 been made unanimous. Such an example of the power of the people to exercise aright the responsibilities of self-government will give courage and inspiration to all who are capable masters of liberty throughout the world.

But two years ago the southern states were afire with patriotism when the call to arms rang out from the capital of the nation. Loyal sons of the South welcomed war because it brought them opportunity to prove their patriotism, wear the uniform and defend the flag of a united country. To-day an oppor-

tunity is theirs to serve the welfare and integrity of the republic of far greater significance, pregnant with issues for the weal or woe of our country far more vital than any arising out of the war with Spain. This opportunity will test their honor and courage as no bugle call to battle can do. The stability of the republic, the hope of the advancing civilization of the world, rests upon the fundamental requirement that all citizens shall at all times vote according to the dictates of their conscience, the teachings of intelligence and the inspirations of an unselfish patriotism. Only those are great who are the equals of their opportunity. Opportunity to annihilate Bryanism is here. Will the people prove themselves great by being equal to this opportunity?

“It is the hour of fate,  
And they who follow me reach every state  
Mortals desire, and conquer every foe  
Save death; but those who doubt or hesitate,  
Condemned to failure, penury and woe,  
Seek me in vain and uselessly implore.  
I answer not, and I return—no more!”

COLLECTING POLITICAL ASSESSMENTS  
FROM PUBLIC EMPLOYEES.

No step toward imperialism can be more decisive than that of giving the party in power the power to collect political assessments from public employes. The most effective barrier against the usurpation of such power is found in protecting employes from arbitrary discharge. When employes are not so protected they are the helpless victims of any blackmail their superiors may choose to assess upon them. When back of every request is concealed the power of discharge, without notice or reason, the request is quite sure to be complied with.

Public employes should have the right to vote and to support the candidates of their choice with contributions to campaign funds, but this action should be purely voluntary. Public offices should not be made the opportunity and place for political discussions and fund-raising hold-ups. In office employes are in the service of all the people. The people who have business with them should not have intruded upon their attention the campaign banners, posters or badges of any party. The public office should be neutral ground where public business is transacted, unaffected by the contentions of political parties.

The wisdom of this warning has recently been exemplified in the experience of the public lighting

commission of Detroit. This is a bi-partisan commission, composed of members of both parties. This fact has been depended upon to prevent the patronage of the service from being used as a political machine. A report reached one of the commissioners that a list was being circulated among the employes for the purpose of raising a contribution to the campaign fund of Mayor Maybury. The commissioners immediately made a personal investigation and found that Permit Clerk Frank T. Bowler was circulating such a subscription paper and had headed the list with his own subscription for \$10. His name was followed by that of Superintendent Daily and City Electrician Hatch for \$25 each. With this start the list was in shape to be presented to every employe. Mr. Bowler explained that the circulation of the paper was purely an enterprise of his own, prompted by his interest in Mayor Maybury's success. This is a case of the kind classed as "offensive partisanship" by President Cleveland, which gave him sufficient reason for discharging a large number of Republican employes. Their places were, of course, filled by Democratic employes. There is but one safe course. It is to brand all partisanship in public office as "offensive" and to prohibit it.

## BRYAN'S ACKNOWLEDGEMENT OF DEFEAT.

Mr. Bryan is not a philosopher, nor has he the staying power of one well grounded in moral rectitude. This fact is demonstrated by the painful manner in which he will promptly abandon a pose of high dignity and go scurrying in the dust of pursuit when he thinks votes can only be had in that way. It is a matter of common knowledge in his home town that he constructed an expansion to his front porch, prior to the Kansas City convention, and announced he would remain at home during the campaign to receive delegations of visiting statesmen, as McKinley did in 1896. It is also well known that no delegations gave notice of an intention to visit him. This caused him to come down from that porch and start on a whirlwind speaking tour, as he did in 1896. His attempt to imitate a success was a failure. It has driven him to adopt a course that ended in a failure in 1896 and is destined to end in a failure in 1900. "For Rent, a Large Front Porch" is an effective Republican placard in Lincoln, Neb.

Early in the campaign Bryan made an attempt to appeal to the higher order of intelligence. He could not survive under the criticism his platitudes provoked, and soon dropped to the more congenial atmosphere of a lower level. Becoming desperate as he saw his crafty schemes failing, he revealed his true character as an inciter of class hatred and discontent. This is

another acknowledgment of defeat presaging the disaster that awaits him on the coming fateful November election day.

A really strong man, feeling confident of success, would not give reasons for his defeat before the day of trial. It is because he knows his defeat is certain that he is preparing to retain a hold upon his followers after defeat, by charging his disaster to corruption of his opponents. Just as he favored the treaty with Spain, so as to create a new issue for use in this campaign, he is now seeking to cover his weakness and to prepare a bond of sympathy by which he may hold his followers to his fortunes after defeat. At Salem, Ill., the place of his birth, taking advantage of the sacred memories surrounding his birthplace and the burial place of his parents, he did not hesitate to prostitute them to the purpose of securing sympathy, not for grave questions of public policy earnestly advocated, but for himself. He said he would be elected beyond a doubt if the election were held on October 8, but, he added:

"The Republican managers are now collecting from the monopolies a large campaign fund. They will buy every vote that can be bought. They will coerce every vote that can be coerced. They will intimidate every laboring man who can be intimidated. They will bribe every election judge that can be bribed. They will corrupt every county that can be corrupted."



Did he say this because of his superior virtue? His political partnership with Croker prohibits him from doing that. This saying is evidence only of an attempt to lay a crafty scheme to enable him to pose as a martyr after election. The presidency his beyond a doubt on October 8, and in four shorts weeks the American people can be corrupted to vote it away from him. This is an undisguised insult to the honor of the American people, which they should resent to a man. It is insidious attacks such as these upon the honesty and intelligence of the people, and upon the fundamental institutions of their government that have made Mr. Bryan thoroughly distrusted by careful thoughtful men. His wild talk and the tendencies of his teachings are among the most pernicious features of the politics of our day. His eagerness to lay the foundation for a claim that he was dishonestly defeated has forced him to acknowledge his defeat to be certain. In our opinion, the day of judgment has come for him. His defeat is not only certain, but it will be such a crushing defeat that no whine for sympathy on a claim of corruption will enable him to obtain control of his party.

## THE OUTLOOK TWO WEEKS BEFORE ELECTION.

The New York Herald for October 1, 1900, published the results of its canvass of the presidential outlook. It gives McKinley 258, Bryan 168 and classes 21 electoral votes as doubtful:

Idaho .....	3
Indiana .....	15
Montana .....	3
<hr/>	
Total .....	21

The Public Ledger of Philadelphia for October 2, 1900, published a summary of estimates, in which it gives McKinley 205, Bryan 145, and classes 97 electoral votes as doubtful:

Kansas .....	10
Nebraska .....	8
South Dakota .....	4
Washington .....	4
Wyoming .....	3
Delaware .....	3
Indiana .....	15
Kentucky .....	13
Maryland .....	8
Ohio .....	23
West Virginia .....	6
<hr/>	
Total .....	97

The New York World for October 4, 1900, pub-

lished an official Republican estimate, which claims for McKinley 266, for Bryan 112, and as doubtful 69 electoral votes. This statement says Indiana is the closest state in the Union. The doubtful list follows:

Colorado .....	4
Idaho .....	3
Indiana .....	15
Kentucky .....	13
Missouri .....	17
Montana .....	3
Nevada .....	3
Nebraska .....	8
Utah .....	3
<hr/>	
Total .....	69

The Times-Herald of Chicago for October 10, 1900, published a dispatch from Walter Wellman at Washington, saying: "The advices which the President has received indicate that the Republican electoral tickets will be successful in every northern state east of the Missouri River, in all the Pacific Coast states, in the border states of Delaware, Maryland, West Virginia and perhaps Kentucky, in such western states as Kansas, North and South Dakota and Wyoming, with even chances for Nebraska, Colorado, Idaho, Montana, Utah and Nevada."

A careful comparison of all estimates and predictions emanating from independent sources shows that all the electoral votes credited to the Republican nominees in our editorials for October 13, 1900, have

been so claimed by competent observers occupying widely different points of observation. This proves that the possibility of carrying every state we have classed for the Republicans is in the air. The only thing necessary to make this classification a realized fact on election day is that everyone shall be honest, intelligent, sincere, and let his action be guided by his highest aspirations of patriotism and his soundest common sense.

Bryanism is more dangerous to the prosperity of this country than imperialism or any detail of public policy it will be possible for a Republican administration to initiate or carry out. This fact is clear to the minds of a vast majority of voters. Government by the people will be a failure when the people cannot be depended upon to cast their vote in the interests of the general welfare. Whenever a crucial test has come the majority of the people have always voted right. Our faith that the people will do so in this election is undoubting.

## PATRIOTISM AND COMMON SENSE VICTORIOUS.

The issues of this presidential campaign are patriotism and common sense, opposed to Bryanism. On such an issue the American people will vindicate their patriotism and their common sense by defending the flag against all who assail it, whether under or beyond the jurisdiction of the constitution, and by refusing to strike for lower wages and lower prices through voting for the advocate of cheap money, which produces cheap commodities and cheap men.

In our issue for June 30, 1900, under the title of "The Election Puzzle of 1900," we published a list of states showing a total safe Republican vote of 182, a safe Democratic vote of 136, and doubtful votes, 129.

We now announce our conviction that the Republicans will carry every state that did not enact an ordinance of secession except Missouri. If the people of the southern states are capable of rising above their traditional prejudices and voting as they know their welfare and the welfare of the country commands, every state in the Union will cast its electoral votes for the Republican candidates. Every state classed as doubtful in June will be carried by the Republicans and two of the states classed as sure Democratic states will also be carried by them. In order that our readers may see these changes we publish the following table:

States.	As Classed in June.			As Classed in October.	
	Sure Republican.	Sure Democratic.	Doubtful.	Sure Republican.	Sure Democratic.
1. Alabama.....		11			11
2. Arkansas.....		8			8
3. California.....	9			9	
4. Colorado.....		4		4	
5. Connecticut.....	6			6	
6. Delaware.....			3	3	
7. Florida.....		4			4
8. Georgia.....		13			13
9. Idaho.....			3	3	
10. Illinois.....	24			24	
11. Indiana.....			15	15	
12. Iowa.....	13			13	
13. Kansas.....			10	10	
14. Kentucky.....			13	13	
15. Louisiana.....		8			8
16. Massachusetts.....	15			15	
17. Maine.....	6			6	
18. Maryland.....			8	8	
19. Michigan.....	14			14	
20. Minnesota.....	9			9	
21. Mississippi.....		9			9
22. Missouri.....		17			17
23. Montana.....			3	3	
24. New Hampshire.....	4			4	
25. New Jersey.....			10	10	
26. New York.....			36	36	
27. Nebraska.....			8	8	
28. Nevada.....		8		3	
29. North Carolina.....		11			11
30. North Dakota.....	3			3	
31. Ohio.....	23			23	
32. Oregon.....	4			4	
33. Pennsylvania.....	32			32	
34. Rhode Island.....	4			4	
35. South Carolina.....		9			9
36. South Dakota.....			4	4	
37. Tennessee.....		12			12
38. Texas.....		15			15
39. Utah.....			3	3	
40. Washington.....			4	4	
41. West Virginia.....			6	6	
42. Wisconsin.....	12			12	
43. Wyoming.....			3	3	
44. Vermont.....	4			4	
45. Virginia.....		12			12
Totals.....	182	136	129	319	129

In our next issue we will give our reasons for making this estimate. We will now say that it is based on the belief that every agency and influence now being used to effect the election of the Republican nominees will continue to be used until and upon the day of election, with all the energy and diligence that can be commanded for them, to the end that patriotism and common sense may be brilliantly victorious.

### HURRAH!!! THE COUNTRY IS ALL RIGHT!!!

On another page we publish a table showing election estimates and results. Public Policy's estimate, June 30, just after the Republican and before the Democratic convention, claimed only 182 Republican electoral votes. New York Herald, October 1, claimed 258; Public Ledger, October 2, claimed 205; New York World, October 2, claimed 266; Public Policy, October 13, claimed 318.

Chairman Hanna, November 4, claimed 311. His estimate includes Kentucky, North Carolina and Tennessee, all of which have gone Democratic, but does not include Kansas, Utah and Washington, all of which have gone Republican.

Vice-Chairman Payne, November 4, claimed 302. His estimate includes Kentucky, but does not include Utah. If Kentucky is finally counted for the Republicans every state claimed by Mr. Payne will be in the Republican column, with one to brag on—Utah.

OUR FAITH IN THE HONESTY AND COMMON SENSE OF THE AMERICAN PEOPLE JUSTIFIED.  
ELECTION ESTIMATES AND RESULTS.

STATES.	PUBLIC POLICY, June 30.			PUBLIC POLICY, Oct. 13.			NEW YORK HERALD, October 1.			PUBLIC LEADER, October 2.			NEW YORK WORLD, October 2.			ELECTION 1900.		ELECTION 1896.	
	Sure.	Democrat.	Doubtful.	Republican.	Democrat.		Sure.	Democrat.	Doubtful.	Sure.	Democrat.		Sure.	Democrat.	Doubtful.	Republican.	Democrat.	Republican.	
Alabama.....	11				11		11						11				11		
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All members of the Republican National Committee, present in New York, in a joint statement, November 5, claimed 294. Their list includes Kentucky, but does not include Nebraska and Utah.

Public Policy's estimate, October 13, claimed 52 votes not claimed by the New York Herald, Public Ledger or New York World. Of this 52 just one-half, 26, are in the Republican column. If Kentucky and Idaho shall finally be counted for the Republicans. 42 out of these 52 votes will confirm our judgment.

Taking the result as now published, the New York Herald was 34 votes short, the Public Ledger 87 votes short, the New York World 26 votes short and Public Policy 26 votes over the result. If Kentucky is counted for the Republicans the estimate of Public Policy will be only 13 votes over, and will be the nearest correct of any estimate made in October.

## WILLIAM MCKINLEY AND HIS OPPORTUNITIES.

The re-election of William McKinley president of the United States will be most fortunate for the man and for the republic if he shall prove himself the equal of his opportunities during his second administration. It has been said "there is no standard for greatness." There is. Every man is great who is the equal of his opportunities. By this standard the measure of every man can be justly taken, from the humblest to the most exalted the world has known. Opportunities are unequal. They limit the possibilities of every human life. Every man who closes a career with a record which shows him to have been equal to his opportunities cannot be deprived of the crown, success. The verdict of all who know him, the judgment of the great Ruler of the Universe who gave him life and created the opportunities by which his life is justly measured must be—he was the equal of his opportunities, therefore he accomplished all God designed he should. Higher praise than this no man can receive or earn.

Opportunities presented themselves to William McKinley during his first term in number and character wholly unforeseen when the people elected him president, or when he assumed the duties of that high office. He has won approval of the manner in which he has dealt with problems that were new to the

American people, as well as those that were involved in the issues upon which he was first elected. So far all is well. This must not be accepted, however, as proving the wisdom of his administration. The people are not infallible. In fact, a large and very intelligent number to-day regard Mr. McKinley's re-election as the result of a choice between two evils, of which the lesser was chosen, rather than as an indorsement of his administration. The crucial test is to come. If he is able to prove himself the equal of his opportunities during the administration of his second term, for which he cannot seek the approval of his countrymen by seeking a third election, no president of the republic will have accomplished more than he for his country, for civilization, for humanity. When the possibility of a re-election was before him it was only human that many of his acts, consciously or unconsciously, were inspired by a praiseworthy ambition to win the approval he has received. He now has the opportunity to administer the duties of the high office of president of the United States freed from all temptation so to shape his course as to win a re-election, and with the inspiration of the most honorable, the most lofty ambition that can influence a human mind. His appeal for approval cannot again be made to the people. It must be made to the impartial and expert judgment of those who write history. They will measure his administration by its opportunities and will attest its wisdom, or unwisdom,

by its results upon the welfare of the people, the destiny of the republic, the world progress of civilization, the uplifting of humanity. Their judgment will assign him his true place among the greatest of the nation, the greatest of earth. From the judgments of history there is no appeal—fortunate for Mr. McKinley, more fortunate for the welfare of the republic, most fortunate for the cause of human liberty and progress throughout the world, will it be if the verdict of history shall be that his administration was wise and just. This we believe it will be. As a result, we predict for the people of this country during the next four years a solid industrial, intellectual and political growth, which will make the American republic the strongest, most respected and most influential world power. Let every person be, then, in his own sphere, what he desires Mr. McKinley to be—the equal of his opportunities.

All the people of the nation must study the problems with which we have to deal, domestic and foreign, and must aid with the best judgment of which they are capable in settling them right.

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